RETURN

(59*a*)

To an ADDRESS of THE SENATE, dated the 11th March, 1901, for copies of all tenders received for the laying of an electric cable between Canada and Australia; a copy of the contract entered into for the construction and laying of said cable; together with a copy of all correspondence and documents relating to the nationalization of the telegraphics of the Empire, to include papers not already laid before the House, and all contracts or other papers relating thereto.

R. W. SCOTT,
Secretary of State.

DOWNING STREET, 2nd March, 1900.

Governor General,
The Right Honourable
The Earl of Minto, G.C.M.G.,
&c., &c., &c

I have the honour to transmit to you, with reference to your telegram of the 20th ultimo, copy of a Resolution submitted to me by the Pacific Cable Committee respecting the proposed concessions to the Eastern Telegraph Company, the text of which has, I understand, been sent to you by telegraph by the High Commissioner for Canada.

Copy of a telegram on the subject, which I have addressed to the Governors of New South Wales and Victoria, is also enclosed.

J. CHAMBERLAIN.

PACIFIC CABLE COMMITTEE.

Resolved unanimously :—

"That this Committee would urge that no concessions should be made by any of the Australian Governments to the Eastern Telegraph Company as a condition of laying a Cable between Africa and Australia until this Committee has had an opportunity of considering and reporting on the effect of such concessions upon the financial prospects of the Pacific Cable scheme."

The Committee desire to submit to the Secretary of State for the Colonies, a copy of a resolution passed at the sitting of the Committee on the 23rd February.

(Telegram.)

Mr. Chamberlain to the Governors of New South Wales and Victoria. Sent 3.15 p.m., 24th February, 1900.

Following is text of unanimous resolution passed by Pacific Cable Committee yesterday. Begins. That this Committee would urge that no concessions should be made by any of the Australian Governments to the Eastern Telegraph Company as a

condition of laying a Cable between Africa and Australia until this Committee has had an opportunity of considering and reporting on the effect of such concessions upon the financial prospects of the Pacific Cable scheme. Ends. Under existing circumstances I concur, and hope your Ministers have not yet communicated to the Eastern Telegraph Company decision arrived at by Conference.

(Telegram.)

Mr. Chamberlain to Lord Minto.

LONDON, 3rd March, 1900.

In reply to your telegram of yesterday's date I have urged Australian Colonies to defer entering into agreement with Eastern Telegraph Company until Pacific Cable Committee has examined question.

CHAMBERLAIN.

(Paraphrase of Cable.)

Mr. Chamberlain to Lord Minto.

LONDON, 15th May, 1900.

Committee on Pacific Cable report estimate furnished by consulting engineer places cost of laying the cable, (including two main ships) at £1,709,000 and Committee are assured that contractors' prices will be within five per cent of this.

Proposed core for Fanning Section—600 pounds copper, 340 pounds guttapercha per knot—giving eight paying words per minute.

Committee estimates annual expenditure on basis of total capital outlay of £1,800,000 as follows :—

Interest and sinking fund	£ 70,000
Working expenses	25,000
Maintenance	55,000
Total	£150,000

Respecting duplication of cable they refer to previous report and say that it would probably be in the interests of associated governments and eastern companies to have a working agreement respecting rates and exchange of traffic.

In the event of not having an agreement of this nature duplication might be required in the near future and prevent cable being self-supporting for many years.

In 18 months cable could be manufactured and laid and it is estimated that it would obtain 960,000 words or $\frac{5}{12}$ of total traffic of 2,300,000 in 1902.

Committee recommend rate of 2 shillings for Pacific portion—showing an estimated deficit of £54,000, but have reason to hope that deficit would disappear in some years under the stimulus of reduced rates and development of American-Canadian and local Pacific business.

The management to be by Board of eight in the same proportions as Committee, unpaid, but with a paid manager.

Copies of report being sent by post.

If the project is to be proceeded with an early decision of the governments interested is desired.

CHAMBERLAIN.

EXTRACT *from a report of the Committee of the Honourable the Privy Council, approved by His Excellency on the October 16, 1900.*

On a memorandum dated October 15, 1900, from the Postmaster General, stating that the Right Honourable Lord Strathcona, High Commissioner for Canada at London,

England, one of the representatives of Canada on the Pacific Cable Commission, has submitted for the consideration of the Dominion Government the tenders received by the Pacific Cable Commission for the construction of the Pacific cable.

That Lord Strathcona had submitted to the Postmaster General a letter received from C. T. Davis, Secretary of the Pacific Cable Committee, in the words following :—

COLONIAL OFFICE, September 29, 1900.

I am directed by the Pacific Cable Committee to forward to you a statement summarizing the tenders which they have received for the manufacture and laying of the proposed cable.

I am to request that you will communicate the substance of this statement by telegraph to your Government in strict confidence, and ask them to inform you as soon as possible, whether they are prepared to proceed with the scheme on the basis of the whole work being given to the Telegraph Construction and Maintenance Company.

On this basis the total cost of establishing the cable would be £1,795,000 plus £180,000 : the estimated amount of supplementary and miscellaneous expenditure, i.e. £1,975,000.

C. T. DAVIS.

The Ministers state that the summary of tenders referred to in said letter is as follows :—

STATEMENT AS TO TENDERS RECEIVED BY THE PACIFIC CABLE COMMITTEE.

(*a.*) Henley's offered to complete in eleven months for £375,000 contract 3 in Appendix of Committee's report. This offer expired August 31 and was subject to reservations as to the market price of raw gutta percha.

(*b.*) Silvertown Company offer to use their best endeavours to complete in 18 months contract 1 for £1,153,000, or contracts 2 and 3 separately or combined for £415,000 and £404,000 respectively, but will not undertake the whole work. This offer expires March 31, 1901.

(*c.*) Telegraph Construction and Maintenance Company offer to complete contract 1 for £1,067,602. contract 2 for £388,358 and contract 3 for £339,040, total £1,795,000. They undertake to complete any one contract by July 31, 1902, but if whole work is given to them and they are allowed to start with contract 3 and end with contract 1, they will complete by end of 1902 and also carry out without further charge the sounding and survey operations specified in contract 4 (estimated by engineers to cost £24,000). This offer expires October 31, 1900.

(*d.*) Siemens offer to complete contract 1 for £1,235,000, in 12 months, contract 2 for £512,000, in 10 months, contract 3 for £461,500, in 10 months, total £2,208,700, but state that the time required to complete the whole work or two of its parts would be less than the sum of its several times. This offer expires October 14, 1900.

The Minister recommends that he be authorized to inform Lord Strathcona that the Dominion Government approves of the acceptance of the tender of the Telegraph Construction and Maintenance Company, and to request him to so notify the Pacific Cable Committee.

The Committee advise that authority be granted as recommended.

JOHN J. McGEE,
Clerk of the Privy Council.

Lord Minto to Mr. Chamberlain.

November 15, 1900.

My Ministers are extremely anxious that the Pacific Cable contract should be signed without further delay. They think the present members of the Board have

ample authority to act and Canada will confirm such action by its representatives on the Board should it be considered necessary. They also suggest Lord Strathcona and Alexander Lang, Manager Bank of Montreal, as members permanent Board.

OTTAWA, November 30, 1900.

Lord STRATHCONA,
17 Victoria Street,
London, England.

Colonial Office desires that for convenience of drafting and other reasons Pacific Cable contract should be signed on behalf of Canada by the High Commissioner. Canadian Government has no objection and desires you to act accordingly.

LAURIER.

(Telegram.)

Mr. Chamberlain to Lord Minto.

LONDON, November 27, 1900.

For convenience of drafting and for other reasons it is proposed that Pacific Cable contract shall be signed on behalf of Her Majesty's Government by the Lords Commissioners of the Treasury and on behalf of Canada and the Australasian Colonies by the High Commissioner and the four Agents General. I request the High Commissioner may be instructed accordingly.

CHAMBERLAIN.

(Telegram.)

From Mr. Chamberlain to Lord Minto.

LONDON, January 5, 1901.

Pacific Cable contract executed 31st December.

CHAMBERLAIN.

OFFICE OF THE HIGH COMMISSIONER FOR CANADA,
17 Victoria Street, London, S.W.,
February 1, 1901.

The Right Honourable,
Sir WILFRID LAURIER, G.C.M.G., P.C.,
Ottawa.

With further reference to my letter of January 26, regarding the acceptance by the Government of New South Wales of the proposals of the Eastern Extension Telegraph Company, I now beg to transmit to you, herewith, for your information, a copy of the agreement between the New South Wales Government and the Eastern Company, signed on January 16, 1901, and which has been furnished to me by the Agent General for that Colony.

STRATHCONA.

AN AGREEMENT dated the 16th day of January, 1901 and made between the Government of the Colony of New South Wales by the Honourable Henry Copeland Agent General for New South Wales of the first part and the Eastern Extension Australasia and China Telegraph Company Limited (hereinafter called 'The Extension Company') of the second part.

Whereas the Colony party hereto of the first part and the Colonies of South Australia and Tasmania are hereinafter referred to as 'The Contracting Colonies.'

And whereas the telegraphic traffic between the Contracting Colonies Victoria, New Zealand, Queensland and New Caledonia on the one side and Europe and when transmitting Europe, all other countries beyond Europe on the other side to be transmitted in the terms of this Agreement (hereinafter called 'The Australian Traffic') is carried by the cables and telegraphic lines of the Extension Company in connection with lines belonging to the Indo-European Telegraph Department of Her Majesty's Indian Government, the Eastern Telegraph Company Limited (hereinafter called 'The Eastern Company') and the Indo-European Telegraph Company Limited (hereinafter called 'The Cis-Indian Administrations') and the lines and cables connected therewith.

And whereas the present rates for the transmission of the Australian traffic are governed by four agreements the first dated March 31, 1891, and made between Her Majesty The Queen of the one part and the Extension Company of the other part, the second dated December 13, 1892, and made between Her Majesty The Queen for account and on the authority of the respec ive Governments of New South Wales, Victoria, South Australia and Tasmania, Western Australia of the first part, Her Majesty The Queen for account and by the authority of the Government of New Zealand of the second part, and the Extension Company of the third part, the third dated April 30, 1895, and made between Her Majesty The Queen by the authority of the Governments of New South Wales, Victoria, South Australia, Western Australia, Tasmania and New Zealand of the one part and the Extension Company of the other part and the fourth dated April 14, 1900, and made between the Government of the Colony of South Australia of the first part, the Government of the Colony of Western Australia of the second part the Colony of Tasmania of the third part and the Extension Company of the fourth part.

And whereas under clause 8 of the said agreement of March 31, 1891, and clause 1 of the said agreement of April 30, 1895, the arrangement as to rates for the Australian traffic might be determined by notice, such notice in writing expiring on April 30, 1900, or April 30 in some subsequent year and given either by the Extension Company to the Agent General of South Australia or by such Agent General to the Extension Company in manner mentioned in the said clauses.

And whereas the Extension Company in accordance with the said clause 8 gave a notice which expired on April 30, 1900, to determine the then existing arrangement as to rate for the Australasian traffic.

And whereas it is intended that the rates for the Australiasian traffic shall after January 1, 1901, be those hereinafter mentioned.

And whereas the present terminal stations in Australia of the Extension Company's sub-marine cables are situated at Fort Darwin, in the colony of South Australia and Roebuck Bay, in the colony of Western Australia.

And whereas it is intended that the Extension Company in co-operation with the Eastern Company shall lay a new cable between Durban, in the colony of Natal, South Africa and Australia, as hereinafter provided called the new cable and such cable is course of manufacture.

And whereas a project has been set on foot by the British, Canadian and certain Australasian governments for laying a cable to be known as and herein referred to as 'The Pacific Cable.'

Now this indenture witnesseth and it is hereby agreed and declared by and with the colony of New South Wales and their successors, and the Extension Company their successors and assigns as follows, that is to say :—

1. As from January 1, 1901, the rates for the transmission of the Australasian traffic by the existing lines and cables, and from and after the opening for traffic of the new cable as hereinafter mentioned the rates for the transmission of such traffic and the apportionment of such rates on either cable shall (subject to the provisions of Article 5 hereof) be the rates and apportionment specified in the schedule hereto, Table B. Provided always this shall only apply to the contracting colonies.

2. In these presents and the schedule hereto by 'Government Telegrams' are meant political or administrative telegrams sent from or to Her Majesty and by Her Majesty's Principal Secretary of State for the colonies or any government department in the United Kingdom or the respective Agents General for any of the contracting

colonies on the one hand and by the governing ministers or any officer in charge of any government department of any of the contracting colonies on the other hand on matters relating to the public business of the said colonies or any of them.

3. By 'Press Telegrams' are meant telegrams addressed to any newspapers duly published in accordance with the respective laws relating to the publication of newspapers in force in the United Kingdom or the colonies or countries in which they are respectively published and intended in good faith for publication in full in such newspapers and shall include only such as are intelligible and written in English or French in plain language and without the use of cypher code groups of figures or letters or words of concealed meaning.

4. The respective governments of the contracting colonies shall in respect of telegrams forming part of the Australasian traffic be entitled to be paid out of the rates charged for transmitting the same the terminal charges specified in the said schedule thereto.

5. If on January 1, 1902, or on January 1 in any subsequent year the receipts of the Extension Company and the Cis-Indian Administration from the Australian traffic after deducting out-payments charged by other governments and administrations shall have averaged during the three previous consecutive calendar years a sum of £330,000 per annum or any sum in excess of that amount the rates for the transmission of the Australasian traffic (except Victoria, New Zealand, Queensland and New Caledonia traffic) to and from Europe via Singapore and Suez or Teheran, or via the Cape Colony and St. Helena, shall be reduced to three shillings per word for ordinary telegrams, two shillings per word for government telegrams and one shilling per word for press telegrams, which reduced rates and their apportionment are specified in the schedule hereto Table C., and if at the expiration of any subsequent calendar year, after such further reduction has been made the said average receipts of the three previous consecutive calendar years shall have amounted to or exceeded the said sum of £330,000, the rates for such traffic (except as aforesaid) by the said routes shall be reduced to two shillings and sixpence per word for ordinary telegrams, two shillings per word for government telegrams, and one shilling per word for press telegrams, which reduced rates and their apportionment are specified in the Schedule hereto, Table D., and such rates respectively shall be considered in the respective cases in this clause defined to be the maximum rates for the time being for the purposes of this agreement.

6. Nothing herein or in the said schedule contained shall prevent the Extension Company from varying the apportionment of any rate provided the total rate is not increased and the proportion payable to any of the contracting colonies is not reduced beyond the limits contained in the said schedule.

7. If and whenever the said rates are reduced in pursuance of clause 5, the terminal charges payable to the respective governments of the contracting colonies in respect of telegrams transmitted at such reduced rates shall be reduced according to the scale set forth in the said schedule hereto.

8. After any reduction in the rates for Australasian traffic and in the terminals shall have been made under clauses 5 and 7 hereof, or by the Extension Company or Cis-Indian Administrations of their own motion the said rates and terminals shall not again be raised except as provided in Clause 9.

9. From and after the opening for traffic of the Pacific or any other competing cable nothing in this agreement contained shall prejudice the right of the Extension Company and the Cis-Indian Administrations to at any time reduce the rates for the Australasian traffic including government and press telegrams, and at pleasure to raise them subject to the maximum limits in each case fixed by this agreement.

10. In the event of the full rates for the Australasian traffic being at any time reduced by the Extension Company and the Cis-Indian Administration, the charge per word for government telegrams shall not exceed the full outpayments for the time being charged by governments and administrations and three-fourths of the rate retained by the Extension Company and the Cis-Indian Administrations for their own use and benefit.

11. The Extension Company shall within three months from the expiration of the year 1901, and within a like period from the expiration of each subsequent calendar

year, send to the government of each of the contracting colonies an account showing the receipts of the Extension Company and the Cis-Indian Administration from Australasian traffic during such year after deducting outpayments charged by other governments and administrations, and such account shall, when required, by the contracting colonies or any of them be verified by the production in London of the account books of the Extension Company kept in respect of or relating in any way whatever to the Australasian traffic, and when so required by a statutory declaration made by the manager, secretary, traffic accountant or other duly authorized officer of the Extension Company.

12. The Extension Company shall with all convenient speed after the necessary landing rights have been obtained, procure to be manufactured and laid between Durban in the colony of Natal and Australia, a submarine telegraph cable (herein called 'The New Cable') in the five sections following, that is to-say: 1. Durban to Mauritius; 2, Mauritius to Rodrigues; 3, Rodrigues to Cocos; 4, Cocos to Freemantle in Western Australia, and 5, Freemantle to Glenelg in South Australia. The Extension Company shall also lay or procure to be laid in connection with the New Cable two subterranean land lines, one from Freemantle to Perth in Western Australia, and the other from Glenelg to Adelaide in South Australia. The Extension Company shall also establish and supply or procure to be established and supplied all stations, offices and apparatus necessary for the proper working of the New Cable and the said subterranean land lines.

13. The contracting colonies shall have the right to use the cable from Glenelg to Freemantle at the rate of five pence per word, such right only to arise in the event of the land lines not being in working order, it being understood that precedence shall always be given to international traffic. The cable between Freemantle and Glenelg shall not, as long as the land lines between the colonies of Western Australia and South Australia shall be in working order, be used to transmit intercolonial telegrams not forming part of the international traffic.

14. The government of New South Wales shall so soon as the next following clause comes into force provide and maintain in efficient working order at its own expense for the transmission of the Australasian traffic a special wire on the government posts between Sydney and the South Australian frontier. The said special wire shall be connected with the offices of the Extension Company in Sydney, and shall always be at the service of and be worked by the staff of the Extension Company. The charges therefor to be paid by the Extension Company to New South Wales shall be terminal rates mentioned in the said schedule, and shall be reduced under that schedule as occasion shall arise on reduction by the Extension Company of their cable charges.

15. The Extension Company shall on and after the opening for traffic of the Pacific cable or any other competing cable be entitled to open local offices and to collect direct from and to deliver direct to the public in the cities of Perth, Adelaide, Hobart and Sydney any telegrams forming part of the Australasian traffic and shall pay to the contracting colonies the terminal rates specified in the schedule in respect of all such messages so collected or delivered, provided that formal notice of not less than six months shall be given to the Extension Company to enable them to prepare for opening their offices simultaneously with the competing cable.

16. The Australasian traffic shall be transmitted via the New Cable or via Port Darwin, as the exigencies of the traffic of the Extension Company may require, but traffic received via Port Darwin for transmission to places beyond Adelaide shall be handed to the Extension Company at Adelaide for such transmission so soon as the company have their own offices and special wires as provided for in articles 14 and 15 hereof.

17. Upon the opening of the New Cable for traffic, the net charges of the Extension Company and the Eastern Company after deduction of outpayments for telegrams between the contracting colonies and Durban or Cape Town shall not exceed two shillings.

18. Each of the governments of the respective contracting colonies shall cause all cables, cable apparatus, telegraph instruments, machinery, stationery and goods of

any kind of the Extension Company or their assigns which are used solely for the purpose of the cable business of the Extension Company or their assigns or for laying, repairing or working any of their cables, land lines or cable ships to be relieved from all custom duties and wharfage rates in its own respective colony, and shall cause every vessel which shall be used by the Extension Company or their assigns for the purpose of laying, repairing, or duplicating any cable or vessel belonging to or chartered by the Extension Company or their assigns in which any such cable, apparatus and telegraph instruments, machinery, stationery and goods as aforesaid shall be carried, to be exempt from all port and light dues whether upon entering any port or passing through any waters of any such colony or otherwise howsoever, and shall also repay to the Extension Company such sums as will be sufficient to recoup the Extension Company any income tax and any rates or taxes parliamentary or otherwise which the Extension Company shall be required to pay in such respective contracting colony, except rates and taxes on premises occupied as local offices for the purpose referred to in clause 15 hereof.

19. Nothing in this agreement contained shall prevent the Extension Company at any time after they shall have commenced working the new cable from closing their station at Roebuck Bay and taking up the cable which lands at that place subject to consultation with the government of Western Australia.

20. This agreement shall remain in force until rescinded by mutual consent expressed in writing.

21. The contracting colonies, or any of them, may at any time after clause 15 is in operation and so often as they or it pleases, appoint a confidential officer to peruse and inspect all telegrams received at the office of the Extension Company in such colonies and all messages handed to the Extension Company in such colonies at its offices for transmission.

In witness whereof the Honourable Henry Copeland, on behalf of the government of New South Wales, has hereunto set his hand and seal and the common seal of the Eastern Extension Australasia and China Telegraph Company (Limited) hath been hereunto affixed the day and year first above written.

Signed, sealed and delivered by the above named Honourable Henry Copeland on behalf of the government of New South Wales, in the presence of
S. YARDLEY,
Secretary, Department of Agent General for New South Wales, Westminster, S.W. } HENRY COPELAND L.S.]

The common seal of the Eastern Extension Australasia and China Telegraph Company (Limited) was hereunto affixed in the presence of
J. DENISON PENDER, Director
F. E. HESSE, Manager and Secretary. }

The common seal of the Eastern Extension Australasia and China Telegraph Company Limited.

SESSIONAL PAPER No. 59a

SCHEDULE.

TARIFF per word and apportionment of Australian terminal charges for traffic exchanged between Australasia and Europe on and after 1st January, 1901, and to come into operation under further reductions of rates taking place under the provisions of Article 5.

TABLE B.

ORDINARY.

—	South and West Australia.	Victoria.	New South Wales.	Queensland.	Tasmania.	New Zealand.	Extension Company, Tasmania or Sydney Nelson Cable.	Darwin, Roebuck Bay, Perth or Adelaide and Europe.	Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
S. & W. Australia	5	.....	.....	.....	.....	.....	.....	3 1	3 6
Victoria	7	0 1	.....	.....	.....	.....	.....	4 2	4 1
New South Wales	5	.....	$1\frac{1}{2}$	.....	.....	.....	.....	2 $11\frac{1}{2}$	3 6
Queensland	7	.....	2	2	.....	.....	.....	4 2	5 1
Tasmania	5	$0\frac{3}{4}$	.....	.....	.....	.....	4	2 $7\frac{1}{2}$	3 6
New Zealand	7	.....	11	.....	.....	1	3	4 2	5 2

GOVERNMENT—British, Imperial and Colonial.

S. & W. Australia	4	.....	.....	.....	.....	.....	.....	2 2	2 6
Victoria	5	1	.....	.....	.....	.....	.....	3 1	3 7
New South Wales	4	.....	$1\frac{1}{2}$	.....	.....	.....	.....	2 $0\frac{1}{2}$	2 6
Queensland	5	.....	2	.....	.....	.....	.....	3 1	3 10
Tasmania	4	$0\frac{3}{4}$	.....	.....	$0\frac{3}{4}$	.....	4	1 $8\frac{1}{2}$	2 6
New Zealand	5	11	.....	.....	.....	1	3	3 1	3 11

PRESS.

S. & W. Australia	3	.....	.....	.....	.....	.....	.....	1 1	1 4
Victoria	4	1	.....	.....	.....	.....	.....	1 5	1 10
New South Wales	3	.....	$0\frac{3}{4}$	.....	.....	.....	.....	1 $0\frac{1}{4}$	1 4
Queensland	4	.....	1	1	.....	.....	.....	1 5	1 11
Tasmania	6	$0\frac{3}{4}$	.....	.....	.....	.....	4	$7\frac{1}{2}$	1 4
New Zealand	4	.....	1	.....	.....	1	1	1 5	2 0

TABLE C.

ORDINARY.

S. & W. Australia	4	.....	.....	.....	.....	.....	.....	2 8	3 0
Victoria	7	1	.....	.....	.....	.....	.....	4 2	4 10
New South Wales	4	.....	1	.....	.....	.....	.....	2 7	3 0
Queensland	7	.....	2	2	.....	.....	.....	4 2	5 1
Tasmania	4	$0\frac{1}{2}$	.....	.....	$0\frac{1}{2}$	.....	3	2 4	3 0
New Zealand	7	.....	1	.....	.....	1	3	4 2	5 2

GOVERNMENT—British, Imperial and Colonial.

—	South and West Australia.	Victoria.	New South Wales.	Queensland.	Tasmania.	New Zealand.	Extension Company, Tasmania or Sydney Nelson Cable.	Darwin, Roebuck Bay, Perth or Adelaide and Europe.	Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
S. & W. Australia	3							1 9	2 0
Victoria	5	1						3 1	3 7
New South Wales	3			1				1 8	2 0
Queensland	5		2	2				3 1	3 10
Tasmania	3	$0\frac{1}{2}$			$0\frac{1}{2}$		3	1 5	2 0
New Zealand	5		1			1	3	3 1	3 11

PRESS.

S. & W. Australia	2							10	1 0
Victoria	4	1						1 5	1 10
New South Wales	2							$9\frac{1}{2}$	1 0
Queensland	4		1	1				1 5	1 11
Tasmania	2	$0\frac{1}{2}$			$0\frac{1}{2}$		1	$7\frac{1}{2}$	1 0
New Zealand	4		1			1	1	1 5	2 0

TABLE D.

ORDINARY.

S. & W. Australia	3							2 3	2 6
Victoria	7	1						4 2	4 10
New South Wales	3		1					2 2	2 6
Queensland	7		2	2				4 2	5 1
Tasmania	3	$0\frac{1}{2}$			$0\frac{1}{2}$		3	1 11	2 6
New Zealand	7		1			1	3	4 2	5 2

GOVERNMENT—British, Imperial and Colonial.

S. & W. Australia	3							1 9	2 0
Victoria	5	1						3 1	3 7
New South Wales	3		1					1 8	2 0
Queensland	5		2	2				3 1	3 10
Tasmania	3	$0\frac{1}{2}$			$0\frac{1}{2}$		3	1 5	2 0
New Zealand	5		1			1	3	3 1	3 11

PRESS.

S. & W. Australia	2							0 10	1 0
Victoria	4	1						1 5	1 10
New South Wales	2							$9\frac{1}{2}$	1 0
Queensand	4		1	1				1 5	1 11
Tasmania	$2\frac{1}{2}$	$0\frac{1}{2}$			$0\frac{1}{2}$		1	$7\frac{1}{2}$	1 0
New Zealand	4		1			1	1	1 5	2 0

SESSIONAL PAPER No. 59a

From Mr. Chamberlain to Lord Minto.

DOWNING STREET, January 17, 1901.

Governor General,
The Right Honourable
The Earl of MINTO, G.C.M.G., &c., &c.

With reference to previous correspondence on the subject of the contract for the construction of the Pacific Cable, I have the honour to transmit to you for the information of your ministers copies of the contract as completed on December 31 last.

J. CHAMBERLAIN.

ARTICLES OF CONTRACT made the thirty-first day of December, one thousand nine hundred, between the Right Honourable Sir Michael Edward Hicks-Beach, Baronet, and William Hayes Fisher, Esquire, two of the Lords Commissioners of Her Majesty's Treasury, acting on behalf of Her Majesty's Government of the first part; the Right Honourable Donald Alexander Lord Strathcona and Mount Royal, G.C.M.G., High Commissioner for the Dominion of Canada, acting on behalf of the Government of the Dominion of Canada of the second part; the Honourable Henry Copeland, Agent-General for the Colony of New South Wales, acting on behalf of the government of the said colony of the third part; Lieutenant-General the Honourable Sir Andrew Clarke, R.E., G.C.M.G., C.B., C.I.E., Agent-General for the Colony of Victoria, acting on behalf of the government of the said colony of the fourth part; the Honourable William Pember Reeves, Agent General for the Colony of New Zealand, acting on behalf of the government of the said colony of the fifth part; the Honourable Sir Horace Tozer, K.C.M.G., Agent-General for the Colony of Queensland, acting on behalf of the government of the said colony of the sixth part (which said several governments hereinbefore mentioned are hereinafter in these articles of contract and in the schedules hereto collectively referred to as 'the contracting governments') and the Telegraph Construction and Maintenance Company, Limited, carrying on business at No. 38 Old Broad Street, in the city of London (hereinafter called 'the contractors') of the seventh part, whereby it is mutually agreed as follows:—

1. The contractors shall, subject as hereinafter provided and to the due performance and observance by the contracting governments of the several agreements and conditions hereinafter mentioned or referred to and on their part to be performed and observed and for the respective considerations and upon the respective terms and conditions hereinafter mentioned, make and complete submarine telegraph cables of the respective lengths and types described in the specifications hereinafter mentioned and subject to and in accordance with the conditions in the same specifications respectively contained. And the contractors shall lay down so much thereof as shall be necessary for the several lines of telegraph cable respectively hereinafter mentioned.

2. The said submarine telegraph cables shall be laid down from Vancouver (Port San Juan) to Norfolk island (Sydney bay), and from Norfolk island (Sydney bay) in two directions, that is to say, (1) from Norfolk island (Sydney bay) to Queensland (Moreton bay), and (2) from Norfolk island (Sydney bay) to New Zealand. And the said submarine telegraph cables shall be laid down in the following sections, that is to say:—

Section A. From Vancouver (Port San Juan) to Fanning island.
" B. " Fanning island to Fiji (Suva).
" C. " Fiji (Suva) to Norfolk island (Sydney bay).
" D. " Norfolk island (Sydney bay) to Queensland (Moreton bay).
" E. " Norfolk island (Sydney bay) to New Zealand.

3. The aggregate sum to be paid to the contractors for making, completing and laying down the said submarine telegraph cables shall be one million seven hundred and

ninety-five thousand pounds and such aggregate sum shall be considered as apportioned between the several sections above mentioned as follows, that is to say :—

For section A.....	£ 1,067,602
For section B.....	388,358
For sections C D and E.....	339,040
	£ 1,795,000

Payment shall be made by the contracting governments to the contractors in London in all respects in accordance with the stipulations in that behalf contained in the first, second and third parts respectively of the first schedule hereto annexed.

4. The said several sections of the said submarine telegraph cables shall be manufactured, constructed and laid down in all respects subject to and in accordance with the conditions in reference or relating thereto respectively expressed and contained in the first, second and third parts respectively of the said first schedule and in accordance with the specifications and general conditions in reference or relating thereto respectively comprised and contained in the first, second, third and fourth parts respectively of the second schedule hereto annexed. And the contracting governments and the contractors hereby respectively undertake to perform and observe the agreements and conditions on their parts respectively to be performed and observed mentioned herein and in the same parts respectively of the same respective schedules.

5. The contractors for the consideration hereinbefore mentioned hereby further undertake to carry out and perform in a proper manner and upon the terms and conditions expressed in the third schedule hereto the sounding and surveying operations in the Pacific ocean specified in the same third schedule and also any deep water sounding operations which may be required by the engineers of the contracting governments and which are not provided for in the same third schedule but so that such deep water soundings additional to those stipulated for in the said first schedule and the examination of landing places mentioned in clause 2 of the said third schedule together shall not delay the ship for a period of more than sixty days beyond the time occupied in making the soundings mentioned in paragraphs 1 and 2 of the said third schedule.

6. It being the intention of the contracting governments as soon as conveniently may be after the execution of these articles to appoint certain persons to form a board to be called The Pacific Cable Board to act as their agents for the purposes of these articles such board shall when constituted and until such agency shall be revoked by the contracting governments be the agents of and represent the contracting governments so as to bind the contracting governments in all repects for all the purposes of these articles and after the said board shall have been constituted and until such revocation of agency as aforesaid all agreements and conditions herein or in any of the schedules hereto contained and on the part of the contracting governments to be performed and observed shall be performed and observed by the said board as such agents as aforesaid but without prejudice to any rights or remedies of the contractors under this contract. And all communications notices and consents which by the same schedules or any of them are required to be made or given to or by the contracting governments shall be deemed to be sufficiently made or given if made or given to or by the said Board.

7. The several schedules hereto annexed and the conditions and specifications therein respectively contained shall be treated and considered as part of these articles of contract and as binding on the parties hereto as any portion hereof.

8. The provisions contained in these articles and the schedules hereto or any of them may from time to time be varied by agreement between the contracting governments or the said board as such agents as aforesaid and the contractors.

IN WITNESS WHEREOF the said parties hereto of the first, second, third, fourth, fifth and sixth parts have hereunto set their hands and seals and the contractors have hereunto caused their common seal to be affixed the day and year first above written.

SESSIONAL PAPER No. 59a

THE SCHEDULE HEREINBEFORE REFERRED TO.

THE FIRST SCHEDULE.

PART 1.

SECTION A.

From Vancouver (Port San Juan) to Fanning Island.

1. The cable shall be manufactured and constructed throughout of thoroughly good materials and workmanship and in all respects in strict accordance with the specification contained in the first part of the second schedule and subject to the general conditions contained in the fourth part of the same schedule.

2. After the cable shall have been manufactured and shall have been tested and approved by the contracting governments' engineers (hereinafter included under the expression 'the engineer') the contractors shall cause the whole of the same to be coiled on board a suitable steamship or suitable steamships supplied at their own cost and risk including coals, crews and provisions. Every such steamship shall be provided for the stowage of cables with iron watertight tanks of suitable dimensions and construction thoroughly secured and each steamship shall also be provided with a suitable testing room or suitable testing rooms and shall be fitted with all necessary machinery for laying and testing the cables, buoying, grappling, picking up, repairing, &c., including electric instruments and batteries and such steamship or steamships shall also be equipped with a full and sufficient cable staff. The contractors shall also provide at their own cost and risk all steamboats, barges and appliances necessary for laying the cable. The contractors shall so arrange for the shipment and laying of the cable that the whole length of the cable between Vancouver island (Port San Juan) and Fanning island shall be laid and completed on one expedition. In accordance with the conditions of the tender samples of the materials which will be used in the manufacture of the cable shall be submitted to the engineer as well as a specimen of each type of cable specified for. The whole equipment of the steamship or steamships and other boats, barges and appliances as aforesaid shall be to the satisfaction of the engineer.

3. The engineer and his staff of assistants shall at all reasonable times during the manufacture of the cable be allowed by the contractors free access to their works for the purpose of inspecting and testing the cable during the process of manufacture and of testing the same after manufacture and generally for the purpose of satisfying himself and themselves that the core and all materials that go into the cable are in accordance with the specification. Every facility (including batteries and instruments for testing) shall be afforded to the engineer and his assistants to test every part of the cable during shipment and transport. During the laying of the cable the testing shall be in the hands of the contractors but shall be open to the continuous inspection of the engineer and his assistants and the principle of testing adopted by the contractors during the laying shall be mutually agreed upon and approved by the engineer before the departure of the expedition.

4. The contractors shall subject to the due performance by the contracting governments of the obligations on their part hereinafter contained proceed with the manufacture of the cable with all reasonable dispatch and shall unless prevented by any of the causes hereinafter mentioned complete and finish the manufacture and shipment of the cable mentioned in the specification contained in the first part of the second schedule and shall then transport and lay the said cable between Vancouver (Port San Juan) and Fanning island and complete the connections thereof in an efficient manner between the terminal point of the cable at Vancouver island (Port San Juan) and the terminal point of the cable at Fanning island on or before December 31, 1902.

5. The contractors shall not be liable for any delay arising from strikes or lockouts or any combination affecting the contractors' works or from accidents to shipping or other causes beyond their control and should any such delay occur otherwise than by

default of the contractors the time for completion shall be extended for such period or periods as shall be certified by the engineer to be reasonable.

6. The terminal points of the cable at Vancouver (Port San Juan) and at Fanning island respectively shall be at such parts of the coasts or harbours as shall be selected by the engineer in consultation with the contractors but the engineer shall have the power to finally determine the position where the cable shall be landed subject to the approval of the contracting governments. The contractors shall provide and erect at each of the said terminal points a suitable cable house with fixtures, furniture and appliances in accordance with plans and a list to be approved by the engineer and shall lead the cable and make the necessary connections from the shore ends of the cable into the said cable houses in an approved and efficient manner and to the satisfaction of the engineer. Should the position of the said cable houses or either of them be more than 500 yards from high water mark the contractors shall carry out the further subterranean connections under the direction of the engineer but they shall be entitled to an extra payment for such extra work the amount of such extra payment to be fixed by the engineer.

7. The contracting governments will obtain in due time and grant all government and other authorities wayleaves and other easements required for landing the cable at Vancouver (Port San Juan) and at Fanning island respectively and procure and permit the contractors to enter upon any land required for the purposes of these articles.

8. The contractors shall effect insurances on the cable until laid against fire and river and sea risks by a policy or policies in the form usually taken by the contractors and shall transfer and deliver such policy or policies to the contracting governments to the full amount of the payments from time to time made to the contractors.

9. The engineer and the contractors shall agree upon the course over which the cable shall be laid and the positions in which the various types of cable shall be placed and such agreement shall (unless the engineer consents to any alteration thereof) be adhered to by the contractors as nearly as practicable.

10. During the laying the engineer shall be supplied with any information which is in the possession of the contractors which he may require in connection with the operations as quickly as possible and shall be consulted as to the retarding strains to be applied to the cable and all the incidental questions that may arise during the process of paying out or picking up should the latter become necessary. The engineer shall also have the right of inspecting the charts log and observations taken during the laying of the cable and also of having communication on the business of laying the cable for warded from the ship to the shore and *vice versa* through the cable at reasonable times while the same is being laid.

11. The contractors shall provide victualling and accommodation for the engineer and his staff (not exceening in the whole 5 persons) on board the steamship or steamships during the laying of the cable and until the return of the expedition.

12. The contractors shall if requested be prepared to take on board the said steamship or steamships and transport and discharge free of cost at Vancouver (Port San Juan) and Fanning island respectively such materials and stores as may be required for the building of stations and staff quarters at the respective terminal points of the cable and also such stores for the provisioning of the staff as may be necessary but so that the total weight which the contractors may be required to ship transport and discharge without extra payment be limited to 300 tons weight.

13. The contracting governments shall pay in London to the contractors for the works and matters hereby undertaken by the contractors in this part of this schedule the total sum or contract price of £1,067,602.

14. The said contract price shall be paid at the times by the instalments and in the manner following that is to say :—

(*a*) £186,830 at such time after the date of these articles as may be convenient to the contracting governments but not later than March 31, 1901.

(*b*) £106,760 on the engineer's certificate of the manufacture in accordance with these articles of 600 nautical miles of cable.

(*c*) £106,760 on the engineer's certificate of the manufacture in accordance with these Articles of 1,200 nautical miles of cable.

(*d*) £106,760 on the engineer's certificate of the manufacture in accordance with these Articles of 1,800 nautical miles of cable.

(*e*) £106,760 on the engineer's certificate of the manufacture in accordance with these Articles of 2,400 nautical miles of cable.

(*f*) £106,760 on the engineer's certificate of the manufacture in accordance with these Articles of 3,000 nautical miles of cable.

(*g*) £133,450 on the engineer's certificate of the manufacture and shipment of the whole of the Vancouver (Port San Juan) and Fanning island cable and that the same is in accordance with these articles.

(*h*) £133,450 on the engineer's certificate of the successful laying and completion of the Vancouver (Port San Juan) and Fanning island cable in accordance with these articles.

(*i*) £80,072 on the engineer's certificate hereinafter mentioned in clause 16 of this part of this schedule.

The engineer shall certify from time to time as to the happening of the event on which the respective instalments of the contract price (other than the moneys payable under head (*a*) of this clause) are payable.

15. On the completion of the laying of the cable the engineer accompanying the expedition shall examine and test the cable between the respective cable houses at Vancouver (Port San Juan) and Fanning island and as soon as practicable thereafter telegraph to the engineer in England and write to him the results of his examination and testing and shall forthwith deliver a copy of the telegram and letter to the contractors' engineer-in-charge (who is hereby appointed agent of the contractors to receive the same) and upon the receipt by the engineer in England of such telegram or letter he shall give his certificate that the section therein referred to has been successfully laid in accordance with these articles or shall state in writing his reasons for not giving such certificate and shall forward a duplicate of such certificate or statement in writing (as the case may be) to the contracting governments and the contractors respectively.

16. The instalment of the contract price mentioned in clause 14 (*i*) shall be paid to the contractors upon the certificate of the engineer in England that for 30 consecutive days after the completion of the laying of the cable between the cable house at Vancouver (Port San Juan) and the cable house at Fanning island the same continued in good electrical condition and that the contract has as regards such cable been completed. The contractors during the said period of 30 days shall keep at hand a suitable ship or vessel with approved machinery for such repairs as may possibly be required. For the purpose of testing the laid cable the engineer shall be at liberty as long as the cable remains in good electrical condition to use a battery power equivalent to 100 volts. Should, however, the cable show signs of electrical defects all further testing until such defects are removed shall be in the hands of the contractors.

17. Subject to the direction of the engineer traffic may be worked upon the cable from time to time when the same shall be laid until finally certified under clause 16 and the receipts from working the same shall belong to the contracting governments who shall bear the expense of working but the contractors shall until such final certificate is given have full liberty to inspect and examine the cable and its connections and the working and testing thereof and to test the same at reasonable times under the supervision of the engineer.

18. Any surplus cable remaining out of the lengths specified after the completion of the contract shall belong to the contracting governments and shall be delivered and coiled into tanks to be erected by the contracting governments at Fiji (Suva) or Fanning island or into the tanks of the maintenance ship to be provided by the contracting governments at one of those stations unless otherwise agreed between the contracting governments and the contractors. The contracting governments hereby agree that the said tanks shall be erected or the said maintenance ship shall be at Fiji (Suva) or Fanning island or as otherwise agreed as aforesaid in readiness to receive such surplus cable at the expiration of the 30 consecutive days mentioned in clause 16.

19. If any part or parts of the cable hereby contracted for and in respect of which the contracting governments shall have made payment to the contractors shall be lost destroyed or damaged before being laid and in consequence thereof money shall be payable under all or any of the policies of insurance referred to in clause 8 hereof the contracting governments shall for the purposes of this clause forthwith re-transfer and deliver to the contractors the policy or policies in respect of which such money shall be payable and do all acts necessary to enable the contractors to obtain the full benefit thereof. The contractors shall have full authority to collect and recover the moneys payable under such policy or policies and to make such settlements or agreements as to the amounts to be paid thereunder as they think fit and subject as hereinafter provided the moneys received under the said policy or policies after deduction of the expenses of recovery thereof shall unless otherwise agreed between the contracting governments and the contractors be deposited at interest with Messrs. Barclay & Company, bankers, in the joint names of the contracting governments and the contractors or their respective nominees.

20. The contractors shall upon receipt of the said policy or policies with all practicable despatch replace the cable so lost destroyed or damaged with a similar type or similar types of cable or other cable certified by the engineer to be suitable for the purposes of these articles and the contractors shall use and apply the substituted cable (when certified by the engineer as satisfactory) for the purpose of these articles accordingly.

21. The moneys deposited as mentioned in clause 19 and all interest thereon shall be paid to the contractors upon the certificate of the engineer of the shipment of the whole of the substituted cable and that the condition thereof when shipped was satisfactory and the contractors shall have no further claim upon the contracting governments in respect of the substituted cable.

22. The engineers for the purposes of these articles and referred to in clause 2 of this part of this schedule shall be Herbert Arnaud Taylor, Robert Edward Peake and Arthur Lovel Dearlove or any one or more of them acting in the name of their firm of Clark Forde & Taylor and several members of the firm may act as engineer at the same time in different places. The engineer in England shall subject as hereinbefore provided duly sign and give every certificate to which the contractors shall become entitled under these articles when the provisions of these articles upon the performance of which the contractors are entitled to the same respectively shall have been performed.

23. If any dispute or difference shall arise between the contracting governments or the engineer and the contractors on any electrical mechanical or engineering question arising in the course of the manufacture testing shipment or laying of the cable then and in every such case the matter in difference shall be referred to the arbitration of some person resident in England to be appointed by the president for the time being of the Institution of Civil Engineers at the instance of the party first applying for the appointment. In case an arbitrator who shall be resident in England appointed under the foregoing or under the power next following in that behalf refuses to act or dies then the president for the time being of the Institution of Civil Engineers may appoint another arbitrator resident in England in his stead upon notice from either party and if in any case such president fails to appoint an arbitrator within 21 days after the receipt of notice in that behalf section 5 of the Arbitration Act, 1889, or the provisions of any modification of the said section for the time being in force shall apply and subject as hereinbefore mentioned any arbitration under this clause shall be deemed an arbitration upon a submission under the said Act or any modification thereof. If any dispute or difference shall arise concerning any matter not hereinbefore in this clause provided for the same shall be referred to arbitration in London and the provisions of the Arbitration Act of 1889 and any modification thereof for the time being in force shall apply to such arbitration.

PART II.

SECTION B.

From Fanning Island to Fiji (Suva).

1. The cable shall be manufactured and constructed throughout of thoroughly good materials and workmanship and in all respects in strict accordance with the specification contained in the second part of the second schedule and subject to the general conditions contained in the fourth part of the same schedule.

2. After the cable shall have been manufactured and shall have been tested and approved by the contracting governments' engineers (hereinafter included under the expression "the engineer") the contractors shall cause the whole of the same to be coiled on board a suitable steamship or suitable steamships supplied at their own cost and risk including coals crews and provisions. Every such steamship shall be provided for the stowage of cables with iron watertight tanks of suitable dimensions and construction thoroughly secured and each steamship shall also be provided with a suitable testing room or suitable testing rooms and shall be fitted with all necessary machinery for laying and testing the cables buoying grappling picking up repairing, &c., including electric instruments and batteries and such steamship or steamships shall also be equipped with a full and sufficient cable staff. The contractors shall also provide at their own cost and risk all steamboats barges and appliances necessary for laying the cable. The contractors shall so arrange for the shipment and laying of the cable that the whole length of cable between Fanning island and Fiji (Suva) shall be laid and completed on one expedition and the direction of laying whether from Fanning island to Fiji (Suva) or from Fiji (Suva) to Fanning island shall be decided by the engineer subject to the approval of the contracting governments. In accordance with the conditions of the tender samples of the materials which will be used in the manufacture of the cable shall be submitted to the engineer as well as a specimen of each type of cable specified for. The whole equipment of the steamship or steamships and other boats barges and appliances as aforesaid shall be to the satisfaction of the engineer.

3. The engineer and his staff of assistants shall at all reasonable times during the manufacture of the cable be allowed by the contractors free access to their works for the purpose of inspecting and testing the cable during the process of manufacture and of testing the same after manufacture and generally for the purpose of satisfying himself and themselves that the core and all materials that go into the cable are in accordance with the specification. Every facility (including batteries and instruments for testing) shall be afforded to the engineer and his assistants to test every part of the cable during shipment and transport. During the laying of the cable the testing shall be in the hands of the contractors but shall be open to the continuous inspection of the engineer and his assistants and the principle of testing adopted by the contractors during the laying shall be mutually agreed upon and approved by the engineer before the departure of the expedition.

4. The contractors shall subject to the due performance by the contracting governments of the obligations on their part hereinafter contained proceed with the manufacture of the cable with all reasonable despatch and shall unless prevented by any of the causes hereinafter mentioned complete and finish the manufacture and shipment of the cable mentioned in the specification contained in the second part of the second schedule and shall then transport and lay the said cable between Fanning island and Fiji (Suva) and complete the connection thereof in an efficient manner between the terminal point of the cable at Fanning island and the terminal point of the cable at Fiji (Suva) on or before the 31st day of December 1902.

5. The contractors shall not be liable for any delay arising from strikes or lockouts or any combination affecting the contractors' works or from accidents to shipping or other causes beyond their control and should any such delay occur otherwise than by default of the contractors the time for completion shall be extended for such period or periods as shall be certified by the engineer to be reasonable.

6. The terminal points of the cable at Fanning island and at Fiji (Suva) respectively shall be at such parts of the coasts or harbours as shall be selected by the engineer in consultation with the contractors but the engineer shall have the power to finally determine the position where the cable shall be landed subject to the approval of the contracting governments. The contractors shall provide and erect at one or if required at each of the said terminal points a suitable cable house with fixtures furniture and appliances in accordance with plans and a list to be approved by the engineer and shall lead the cable and make the necessary connections from the shore ends of the cable into the said cable house or cable houses in an approved and efficient manner and to the satisfaction of the engineer. Should the position of the said cable houses or either of them be more than 500 yards from high water mark the contractors shall carry out the further subterranean connections under the direction of the engineer but they shall be entitled to an extra payment for such extra work the amount of such extra payment to be fixed by the engineer.

7. The contracting governments will obtain in due time and grant all government and other authorities wayleaves and other easements required for landing the cable at Fanning island and at Fiji (Suva) and procure and permit the contractors to enter upon any land required for the purpose of these articles.

8. The contractors shall effect insurances on the cable until laid against fire and river and sea risks by a policy or policies in the form usually taken by the contractors and shall transfer and deliver such policy or policies to the contracting governments to the full amount of the payments from time to time made to the contractors

9. The engineer and the contractors shall agree upon the course over which the cable shall be laid and the positions in which the various types of cable shall be placed and such agreement shall (unless the engineer consents to any alteration thereof) be adhered to by the contractors as nearly as practicable.

10. During the laying the engineer shall be supplied with any information which is in the possession of the contractors which he may require in connection with the operations as quickly as possible and shall be consulted as to the retarding strains to be applied to the cable and all the incidental questions that may arise during the process of paying out or picking up should the latter become necessary. The engineer shall also have the right of inspecting the charts log and observations taken during the laying of the cable and also of having communication on the business of laying the cable forwarded from the ship to the shore and *vice versa* through the cable at reasonable times while the same is being laid.

11. The contractors shall provide victualling and accommodation for the engineer and his staff (not exceeding in the whole 5 persons) on board the steamship or steamships during the laying of the cable and until the return of the expedition.

12. The contractors shall if requested be prepared to take on board the said steamship or steampships and transport and discharge free of cost at Fanning island and Fiji (Suva) respectively such materials and stores as may be required for the building of stations and staff quarters at the respective terminal points of the cable and also such stores for the provisioning of the staff as may be necessary but so that the total weight which the contractors may be required to ship transport and discharge without extra payment be limited to 300 tons weight.

13. The contracting governments shall pay in London to the contractors for the works and matters hereby undertaken by the contractors in this part of this schedule the total sum or contract price of £388,358.

14. The said contract price shall be paid at the times by the instalments and in the manner following that is to say :—

(*a*) £58,253 at such time after the date of these articles as may be convenient to the contracting governments but not later than the 31st day of March, 1901.

(*b*) £38,835 on the engineer's certificate of the manufacture in accordance with these articles of 333 nautical miles of cable.

(*c*) £38,835 on the engineer's certificate of the manufacture in accordance with these articles of 666 nautical miles of cable.

(*d*) £38,835 on the engineer's certificate of the manufacture in accordance with these articles of 1,000 nautical miles of cable.

(*e*) £38,835 on the engineer's certificate of the manufacture in accordance with these articles of 1,333 nautical miles of cable.

(*f*) £38,835 on the engineer's certificate of the manufacture in accordance with these articles of 1,666 nautical miles of cable.

(*g*) £38,835 on the engineers' certificate of the manufacture in accordance with these articles of 2,000 nautical miles of cable.

(*h*) £29,126 on the engineer's certificate of the manufacture and shipment of the whole of the Fanning island and Fiji (Suva) cable and that the same is in accordance with these articles.

(*i*) £38,835 on the engineer's certificate of the successful laying and completion of the Fanning island and Fiji (Suva) cable in accordance with these articles.

(*j*) £29,134 on the engineer's certificate mentioned in clause 16 of this part of this schedule.

The engineer shall certify from time to time as to the happening of the event on which the respective instalments of the contract price (other than the moneys payable under head (*a*) of this clause) are payable.

15. On the completion of the laying of the cable the engineer accompanying the expedition shall examine and test the cable between the respective cable houses at Fanning island and Fiji (Suva) and as soon as practicable thereafter telegraph to the engineer in England and write to him the results of his examination and testing and shall forthwith deliver a copy of the telegram and letter to the contractors' engineer-in-charge (who is hereby appointed agent of the contractors to receive the same) and upon the receipt by the engineer in England of such telegram or letter he shall give his certificate that the section therein referred to has been successfully laid in accordance with these articles or shall state in writing his reasons for not giving such certificate and shall forward a duplicate of such certificate or statement in writing (as the case may be) to the contracting governments and the contractors respectively.

16. The instalment of the contract price mentioned in clause 14 (*j*) shall be paid to the contractors upon the certificate of the engineer in England that for 30 consecutive days after the completion of the laying of the cable between the cable house at Fanning island and the cable house at Fiji (Suva) the same continued in good electrical condition and that the contract has as regards such cable been completed. The contractors during the said period of 30 days shall keep at hand a suitable ship or vessel with approved machinery for such repairs as may possibly be required. For the purpose of testing the laid cable the engineer shall be at liberty as long as the cable remains in good electrical condition to use a battery power equivalent to 100 volts. Should however the cable show signs of electrical defects all further testing until such defects are removed shall be in the hands of the contractors.

17. Subject to the direction of the engineer traffic may be worked upon the cable from time to time when the same shall be laid until finally certified under clause 16 and the receipts from working the same shall belong to the contracting governments who shall bear the expense of working but the contractors shall until such final certificate is given have full liberty to inspect and examine the cable and its connections and the working and testing thereof and to test the same at reasonable times under the supervision of the engineer.

18 Any surplus cable remaining out of the lengths specified after the completion of the contract shall belong to the contracting governments and shall be delivered and coiled into the tanks to be erected by the contracting governments at Fiji (Suva) or Fanning island or into the tanks of the maintenance ship to be provided by the contracting governments at one of those stations unless otherwise agreed between the contracting governments and the contractors. The contracting governments hereby agree that the said tanks shall be erected or the said maintenance ship shall be at Fiji (Suva) or Fanning island or as otherwise agreed as aforesid in readiness to receive such surplus cable at the expiration of the 30 consecutive days mentioned in clause 16.

19. If any part or parts of the cable hereby contracted for and in respect of which the contracting governments shall have made payment to the contractors shall be lost destroyed or damaged before being laid and in consequence thereof money shall be pay-

able under all or any of the policies of insurance referred to in clause 8 hereof the contracting governments shall for the purposes of this clause forthwith re-transfer and deliver to the contractors the policy or policies in respect of which such money shall be payable and do all acts necessary to enable the contractors to obtain the full benefit thereof. The contractors shall have full authority to collect and recover the moneys payable under such policy or policies and to make such settlements or agreements as to the amounts to be paid thereunder as they think fit and subject as hereinafter provided the moneys received under the said policy or policies after deduction of the expenses of recovery thereof shall unless otherwise agreed between the contracting governments and the contractors be deposited at interest with Messrs. Barclay & Company bankers in the joint names of the contracting governments and the contractors or their respective nominees.

20. The contractors shall upon the receipt of the said policy or policies with all practicable despatch replace the cable so lost destroyed or damaged with a similar type or similar types of cable or other cable certified by the engineer to be suitable for the purposes of these articles and the contractors shall use and apply the substituted cable (when certified by the engineer as satisfactory) for the purposes of these articles accordingly.

21. The moneys deposited as mentioned in clause 19 and all interest thereon shall be paid to the contractors upon the certificate of the engineer of the shipment of the whole of the substituted cable and that the condition thereof when shipped was satisfactory and the contractors shall have no further claim upon the contracting governments in respect of the substituted cable.

22. The engineers for the purposes of these articles and referred to in clause 2 of this part of this schedule shall be Herbert Arnaud Taylor, Robert Edward Peake and Arthur Lovel Dearlove or any one or more of them acting in the name of their firm of Clark Forde & Taylor and several members of the firm may act as engineer at the same time in different places. The engineer in England shall subject as hereinbefore provided duly sign and give every certificate to which the contractors shall become entitled under these articles when the provisions of these articles upon the performance of which the contractors are entitled to the same respectively shall have been performed.

23. If any dispute or difference shall arise between the contracting governments or the engineer and the contractors on any electrical mechanical or engineering question arising in the course of the manufacture testing shipment or laying of the cable then and in every such case the matter in difference shall be referred to the arbitration of some person resident in England to be appointed by the president for the time being of the Institution of Civil Engineers at the instance of the party first applying for the appointment. In case an arbitrator who shall be resident in England appointed under the foregoing or under the power next following in that behalf refuses to act or dies then the president for the time being of the Institution of Civil Engineers may appoint another arbitrator resident in England in his stead upon notice from either party and if in any case such president fails to appoint an arbitrator within 21 days after the receipt of notice in that behalf section 5 of the Arbitration Act 1889 or the provisions of any modification of the said section for the time being in force shall apply and subject as hereinbefore mentioned any arbitration under this clause shall be deemed an arbitration upon a submission under the said Act or any modification thereof. If any dispute or difference shall arise concerning any matter not hereinbefore in this clause provided for the same shall be referred to arbitration in London and the provisions of the Arbitration Act of 1889 and any modification thereof for the time being in force shall apply to such arbitration.

PART III.

SECTIONS C D AND E.

Section C.—From Fiji (Suva) to Norfolk island (Sydney bay).
Section D.—From Norfolk island (Sydney bay) to Queensland (Moreton bay).
Section E.—From Norfolk island (Sydney bay) to New Zealand.

1. The cable shall be manufactured and constructed throughout of thoroughly good materials and workmanship and in all respects in strict accordance with the specifications contained in the third part of the second schedule and subject to the general conditions contained in the fourth part of the same schedule.

2. After the cable shall have been manufactured and shall have been tested and approved by the contracting governments' engineers (hereinafter included under the expression "the engineer") the contractors shall cause the whole of the same to be coiled on board a suitable steamship or suitable steamships supplied at their own cost and risk including coals crews and provisions. Every such steamship shall be provided for the stowage of cables, with iron watertight tanks of suitable dimensions and construction thoroughly secured and each steamship shall also be provided with a suitable testing room or suitable testing rooms and shall be fitted with all necessary machinery for laying and testing the cables, buoying, grappling, picking up, repairing, &c., including electric instruments and batteries and such steamship or steamships shall also be equipped with a full and sufficient cable staff. The contractors shall also provide at their own cost and risk all steamboats, barges and appliances necessary for laying the cable.

The contractors shall so arrange for the shipment and laying of the cable that the several sections of cable viz. between Fiji (Suva) and Norfolk island (Sydney bay) between Norfolk island (Sydney bay) and Queensland (Moreton bay) and between Norfolk island (Sydney bay) and New Zealand shall be laid on one expedition and the direction of laying of section C whether to or from Norfolk island shall be decided by the engineer subject to the approval of the contracting governments. In accordance with the conditions of the tender samples of the materials which will be used in the manufacture of the cable shall be submitted to the engineer as well as a specimen of each type of cable specified for. The whole equipment of the steamship or steamships and other boats, barges and appliances as aforesaid shall be to the satisfaction of the engineer.

3. The engineer and his staff of assistants shall at all reasonable times during the manufacture of the cable be allowed by the contractors free access to their works for the purpose of inspecting and testing the cable during the process of manufacture and of testing the same after manufacture and generally for the purpose of satisfying himself and themselves that the core and all the materials that go into the cable are in accordance with the specifications. Every facility (including batteries and instruments for testing) shall be afforded to the engineer and his assistants to test every part of the cable during shipment and transport. During the laying of the cable the testing shall be in the hands of the contractors but shall be open to the continuous inspection of the engineer and his assistants and the principle of testing adopted by the contractors during the laying shall be mutually agreed upon and approved by the engineer before the departure of the expedition.

4. The contractors shall subject to the due performance by the contracting governments of the obligations on their part hereinafter contained proceed with the manufacture of the cable with all reasonable despatch and shall unless prevented by any of the causes hereinafter mentioned complete and finish the manufacture and shipment of the cable mentioned in the specifications contained in the third part of the second schedule and shall then transport and lay the said cables, section C section D and section E, and complete the connections thereof in an efficient manner between the several terminal points of the cables, viz., at Fiji (Suva), Norfolk island (Sydney bay), Queensland (Moreton bay) and New Zealand on or before June 30, 1902.

5. The contractors shall not be liable for any delay arising from strikes or lock-outs or any combination affecting the contractors' works or from accidents to shipping or

other causes beyond their control and should any such delay occur otherwise than by default of the contractors the time for completion shall be extended for such period or periods as shall be certified by the engineer to be reasonable.

6. The terminal points of the cables at Fiji (Suva), Norfolk island (Sydney Bay), Queensland (Moreton bay) and New Zealand, respectively, shall be at such parts of the coasts or harbours as shall be selected by the engineer in consultation with the contractors, but the engineer will have the power to finally determine the position where the cable shall be landed, subject to the approval of the contracting governments. The contractors shall provide and erect at each of the landing places of the cables a suitable cable house with fixtures, furniture and appliances in accordance with plans and a list to be approved by the engineer and shall lead the cable and make the necessary connections from the shore ends of the cable into the said cable houses in an approved and efficient manner and to the satisfaction of the engineer. Should the position of the cable houses or any of them be more than 500 yards from high water mark, the contractors shall carry out the further subterranean connections under the direction of the engineer but they shall be entitled to an extra payment for such extra work, the amount of such extra payment to be fixed by the engineer.

7. The contracting governments will obtain in due time and grant all Government and other authorities wayleaves and other easements required for landing the cable at Fiji (Suva), Norfolk island (Sydney bay), Queensland (Moreton bay) and New Zealand and procure and permit the contractors to enter upon any land required for the purposes of these articles.

8. The contractors shall effect insurances on the cable until laid against fire and river and sea risks by a policy or policies in the form usually taken by the contractors and shall transfer and deliver such policy or policies to the contracting governments to the full amount of the payments from time to time made to the contractors

9. The engineer and the contractors shall agree upon the course over which the cable shall be laid and the positions in which the various types of cable shall be placed and such agreement shall (unless the engineer consents to any alteration thereof) be adhered to by the contractors as nearly as practicable.

10. During the laying the engineer shall be supplied with any information which is in the possession of the contractors which he may require in connection with the operations as quickly as possible and shall be consulted as to the retarding strains to be applied to the cable and all the incidental questions that may arise during the process of paying out or picking up should the latter become necessary. The engineer shall also have the right of inspecting the charts, log and observations taken during the laying of the cable and also of having communication on the business of laying the cable forwarded from the ship to the shore and *vice versa* through the cable at reasonable times while the same is being laid.

11. The contractors shall provide victualling and accommodation for the engineer and his staff (not exceeding in the whole five persons) on board the steamship or steamships during the laying of the cable and until the return af the expedition.

12. The contractors shall if requested be prepared to take on board the said steamship or steamships and transport and discharge free of cost at Fiji (Suva), Norfolk island (Sydney bay), Queensland (Moreton bay) and New Zealand respectively, such materials and stores as may be required for the building of stations and staff quarters at the respective terminal points of the cable and also such stores for the provisioning of the staff as may be necessary but so that the total weight that the contractors may be required to ship transport and discharge without extra payment be limited to 100 tons weight.

13. The contracting governments shall pay in London to the contractors for the works and matters hereby undertaken by the contractors in this part of this schedule the total sum or contract price of £339,040.

14. The said contract price shall be paid at the times by the instalments and in the manner following that is to say :—

(*a*) £42,380 at such time after the date of these articles as may be convenient to the contracting governments but not later than March 31, 1901.

(*b*) £33,900 on the engineer's certificate of the manufacturer in accordance with these articles of 400 nautical miles of cable.

(*c*) £33,900 on the engineer's certificate of the manufacture in accordance with these articles of 800 nautical miles of cable.

(*d*) £33,900 on the engineer's certificate of the manufacture in accordance with these articles of 1,200 nautical miles of cable.

(*e*) £33,900 on the engineer's certificate of the manufacture in accordance with these articles of 1,600 nautical miles of cable.

(*f*) £33,900 on the engineer's certificate of the manufacture in accordance with these articles of 2,000 nautical mi'es of cable.

(*g*) £42,380 on the engineer's certificate of the manufacture and shipment of the whole of the cable for sections C D and E and that the same is in accordance with these articles.

(*h*) £16,950 on the engineer's certificate of the successful laying and completion of the Fiji (Suva)--Norfolk island cable in accordance with these articles.

(*i*) £16,950 on the engineer's certificate of the successful laying and completion of the Norfolk island—Queensland cable in accordance with these articles.

(*j*) £16,950 on the engineer's certificate of the successful laying and completion of the Norfolk island—New Zealand cable in accordance with these articles.

(*k*) £33,930 on the engineer's certificate mentioned in clause 16 of this part of this schedule.

The engineer shall certify from time to time as to the happening of the event on which respective instalments of the contract price (other than the moneys payable under head (*a*) of this clause) are payable.

15. On the completion of the laying of the respective sections C, D and E of the cable the engineer accompanying the expedition shall examine and test the cables between the respective cable houses of the said sections, and as soon as practicable thereafter telegraph to the engineer in England and write to him the results of his examination and testing and shall forthwith deliver a copy of the telegram and letter to the contractor's engineer in charge (who is hereby appointed agent of the contractors to receive the same) and upon the receipt by the engineer in England of such telegram or letter he shall give his certificate that the section therein referred to has been successfully laid in accordance with these articles, or shall state in writing his reasons for not giving such certificate and shall forward a duplicate of such certificate or statement in writing, as the case may be, to the contracting governments and the contractors respectively.

16. The instalment of the contract price mentioned in clause 14 (*k*) shall be paid to the contractors upon the certificate of the engineer in England that for 30 consecutive days after the completion of the laying of the cables between the cable houses of the respestive sections C, D and E, the same continued in good electrical condition and in accordance with these articles. The contractors during the said period of 30 days shall keep at hand a suitable ship or vessel with approved machinery for such repairs as may possibly be required. For the purpose of testing the laid cable the engineer shall be at liberty as long as the cable remains in good electrical condition to use a battery power equivalent to 100 volts. Should, however, the cable show signs of electrical defects all further testing until such defects are removed shall be in the hands of the contractors.

17. Subject to the direction of the engineer traffic may be worked upon the cable from time to time when the same shall be laid until finally certified under clause 16, and the recipts from working the same shall belong to the contracting governments who shall bear the expense of working but the contractors shall until final certificate is given have full liberty to inspect and examine the cable and its connections and the working and testing thereof and to test the same at reasonable times under the supervision of the engineer.

18. Any surplus cable remaining out of the lengths specified after the completion of the contract shall belong to the contracting governments and shall be delivered and coiled into tanks to be erected by the contracting governments at Fiji (Suva) or Fanning

island or into the tanks of the maintenance ship to be provided by the contracting governments at one of those stations unless otherwise agreed between the contracting governments and the contractors. The contracting governments hereby agree that the said tanks shall be erected or the said maintenance ship shall be at Fiji (Suva) or Fanning island or as otherwise agreed as aforesaid in readiness to receive such surplus cable at the expiration of the 30 consecutive days mentioned in clause 16.

19. If any part or parts of the cable hereby contracted for, and in respect of which the contracting governments shall have made payment to the contractors, shall be lost, destroyed or damaged before being laid and in consequence thereof money shall be payable under all or any of the policies of insurance referred to in clause 8 hereof the contracting governments shall for the purpose of this clause forthwith re-transfer and deliver to the contractors the policy or policies in respect of which such money shall be payable, and do all acts necessary to enable the contractors to obtain the full benefit thereof. The contractors shall have full authority to collect and recover the moneys payable under such policy or policies and to make such settlements or agreements as to the amounts to be paid thereunder as they think fit and subject as hereinafter, provided the moneys received under the said policy or policies after deduction of the expenses of recovery thereof shall unless otherwise agreed between the contracting governments and the contractors be deposited at interest with Messrs. Barclay & Co., bankers, in the joint names of the contracting governments and the contractors or their respective nominees.

20. The contractors shall upon receipt of the said policy or policies with all practicable despatch replace the cable so lost, destroyed or damaged with a similar type or similar types of cable or other cable certified by the engineer to be suitable for the purposes of these articles, and the contractors shall use and apply the substituted cable (when certified by the engineer as satisfactory) for the purposes of these articles accordingly.

21. The moneys deposited as mentioned in clause 19 and all interest thereon shall be paid to the contractors upon the certificate of the engineer of the shipment of the whole of the substituted cable, and that the condition thereof when shipped was satisfactory and the contractors shall have no further claim upon the contracting governments in respect of the substituted cable.

22. The engineers for the purposes of these articles and referred to in clause 2 of this part of this schedule shall be Herbert Arnaud Taylor, Robert Edward Peake and Arthur Lovel Dearlove, or any one or more of them acting in the name of their firm of Clark, Forde & Taylor, and several members of the firm may act as engineer at the same time in different places. The engineer in England shall, subject as hereinbefore provided, duly sign and give every certificate to which the contractors shall become entitled under these articles when the provisions of these articles upon the performance of which the contractors are entitled to the same respectively shall have been performed.

23. If any dispute or difference shall arise between the contracting governments or the engineer and the contractors on any electrical, mechanical or engineering question arising in the course of the manufacture, testing, shipment or laying of the cable, then and in every such case the matter in difference shall be referred to the arbitration of some person resident in England, to be appointed by the president for the time being, of the Institution of Civil Engineers, at the instance of the party first applying for the appointment. In case an arbitrator who shall be resident in England, appointed under the foregoing or under the power next following in that behalf, refuses to act or dies, then the president for the time being of the Institution of Civil Engineers may appoint another arbitrator resident in England in his stead upon notice from either party, and if in any case such president fails to appoint an arbitrator within 21 days after the receipt of notice in that behalf, section 5 of the Arbitration Act, 1889, or the provisions of any modification of the said section for the time being in force, shall apply and subject as hereinbefore mentioned, any arbitration under this clause shall be deemed an arbitration upon a submission under the said Act or any modification thereof. If any dispute or difference may arise concerning any matter not hereinbefore in this clause provided for, the same shall be referred to arbitration in London, and the provisions of the Arbitration Act of 1889 and any modification thereof for the time being in force shall apply to such arbitration.

SESSIONAL PAPER No. 59a

THE SECOND SCHEDULE.

PART I.

SECTION A.

Vancouver (Port San Juan)—Fanning Island Cable.

SPECIFICATION.

For the manufacture of the lengths and types of cable to be furnished by the contractors under the contract.

Description.	Type.	Sheathing.	Length in Nautical Miles to be Manufactured. Core {600 lbs. Copper. 340 lbs. Gutta Percha.	
			Core Brass sheathed.	Core not Brass sheathed.
Heavy shore end ..	AA	Type B 12 No. 6 reclosed with 14 No. 1 (·300) galvanized compounded and yarn served.....	1·25	
Heavy intermediate.	E	10 No. 2 (·280) galvanized compounded and yarn served.....	3·25	
Light intermediate.	B	12 No. 6 (·200) galvanized compounded and yarn served..... ..	60·00	
Main cable.....	D	18 No. 14 (·083) galvanized each wire taped and compounded..... .	... .	3,589·00
			64·50	3,589·00

Total contract length of cable, 3,653·50 nautical miles.

Core { 600 lbs. copper. 340 lbs. gutta percha.

(*a*) The conductor to consist of a central copper wire 149 mils. in diameter, surrounded by four copper strips each of 125 mils. by 17 mils., the completed conductor to weigh 600 lbs. per nautical mile or within 2½ per cent thereof, but the average weight per nautical mile shall not be less than that specified.

The interstices of the strips to be completely filled with Chatterton's compound.

The resistance per nautical mile of the conductor at a temperature of 75° Fahrenheit shall not be more than 2·03 B. A. ohms.

(*b*) The conductor to be insulated with three or more coatings of gutta percha of uniform radial thickness and of the best description and manufacture, and such coatings may be applied with or without the use of compound between the successive coatings of gutta percha.

The average weight of the dielectric shall not be less than 340 lbs. per nautical mile and no coil of core shall have a less weight of dielectric than 332 lbs. per nautical mile.

The core 7 days after manufacture and not before that period has elapsed shall be submitted for testing to the engineer or his representative.

For the purpose of these tests the core shall be immersed for at least twenty-four hours in water having as nearly as practicable a temperature of 75° Fahrenheit and when tested at this temperature the resistance of the dielectric after one minute's electrifica-

tion shall not be less than 500 nor more than 1,500 megohms per nautical mile on the average, and its average inductive capacity shall not exceed 0·440 microfarads per nautical mile and the maximum variation in the capacity of any coil is not to be higher than 5 per cent. above the average value specified.

The total weight of the core when completed to be 940 lbs. per nautical mile or within $2\frac{1}{2}$ per cent thereof but the mean weight of the whole must be at least equal to the specified weight.

(*c*) The cores of types AA E and B specified as to be brass sheathed are to be covered with a sheathing of brass tape 4 mils. thick laid on spirally with a sufficient overlap and further covered with an ozokerited woven tape the whole to be done in an approved manner.

(*d*) Each coil of core shall if required be submitted to an alternating E. M. F. of at least 5,000 volts this electrical pressure test to last 15 minutes on each coil.

The coils of core to be delivered in lengths of not less than 1·0 nautical mile without joint and the length and weight of conductor and dielectric of each coil shall be given in writing to the engineer.

No coil can be accepted that does not comply with the electrical conditions before mentioned.

(*e*) The completed core to be covered with an ample and sufficient serving of jute yarn steeped in cutch or other approved preservative mixture of such strength as to have the best preservative effect and applied wet. The yarn to be of good quality of even size free from lumps so as to give a uniform gauge to the served core and of sufficient strength to avoid breakages when being laid up. This serving is to be sufficient to prevent the sheathing wires being laid up so close as to render the cable too springy.

OUTER COVERINGS.

(*f*) Type AA (heavy shore end) type B light intermediate cable to be further served with tarred jute yarn and again closed with 14 galvanized low carbon basic iron wires No. 1 B. W. G. equal to ·300 of an inch when galvanized or within $2\frac{1}{2}$ per cent thereof.

Average breaking strain of No. 1 B. W. G. wires to be not less than 25 tons per square inch nor more than 30 tons per square inch and to bear twelve twists in lengths of 6 inches.

(*g*) Type E (heavy intermediate.) The served core to be covered with 10 galvanized low carbon basic iron wires No. 2 B. W. G. equal to ·280 of an inch when galvanized or within $2\frac{1}{2}$ per cent thereof.

Average breaking strain to be not less than 27 tons to the square inch nor more than 32 tons to the square inch with an elongation of 10 per cent in lengths of 10 inches and to bear 10 twists in lengths of 6 inches.

(*h*) Type B (light intermediate). The served core to be covered with 12 galvanized low carbon basic iron wires No. 6 B. W. G. equal to ·200 of an inch when galvanized or within $2\frac{1}{2}$ per cent thereof.

Average breaking strain to be not less than 28 tons to the square inch nor more than 35 tons to the square inch with an elongation of not less than 12 per cent and to stand not less than 15 twists in lengths of 6 inches.

(*i*) Type D (main cable). The served core to be covered with 18 galvanized steel wires each wire being well covered with a bituminous compound and taped to a diameter of ·100 of an inch.

The galvanized steel wires to be No. 14 B. W. G. equal to ·083 of an inch when galvanized or within $2\frac{1}{2}$ per cent thereof and to bear a breaking strain of not less than 84 tons to the square inch with an elongation of not less than 4 per cent.

The wire to be capable of being bent round its own diameter three times and unbent three times without breaking.

The wire to be in bundles of not less than 2 cwt. and to have no more than one weld in each bundle.

(*j*) The wire to be free from splinters and irregularities. No brittle wire to be put in the cable nor weld made within 12 feet of any other weld. All joints in the sheathing wires to be welded either electrically or by efficient workmen no brazed or soldered joints to be made.

(*k*) The galvanized wire to withstand four immersions of one minute each in a solution of sulphate of copper (one sulphate to five water by weight) without showing a trace of copper coating.

(*l*) Before being used for the sheathing of the cables the galvanized wire for the Types AA E and B is to be heated in a kiln or oven just sufficiently to drive off all moisture and whilst warm is to be dipped into a hot compound not containing anything deleterious to the core and so prepared as to adhere to the wire and form when set a perfectly fixed preservative coating that will not come off in passing through the closing machine.

OUTER SERVING.

(*m*) Types AA E and B manufactured as above to be covered with two servings of jute yarn steeped in "freed" coal tar and laid on spirally in opposite directions alternating with three coatings of Clark's compound applied hot.

(*n*) Type D manufactured as above to be covered with two Hessian canvas tapes soaked in an approved preservative compound and laid on spirally in opposite directions alternating with three coatings of Clark's compound.

PART II.

SECTION B.

Fanning Isand—Fiji (Suva) Cable.

SPECIFICATION.

For the manufacture of the Lengths and Types of Cable to be furnished by the Contractors under the Contract.

Description.	Type.	Sheathing.	Length in Nautical Miles to be Manufactured.	
			Core Brass Sheathed.	Core not Brass Sheathed.
Core..			220 lbs. Copper. 180 lbs. Gutta Percha.	
Heavy Shore End	AA	Type B 10 No. 6 reclosed with 14 No. 1 (·300) galvanized compounded and yarn served.	1·75	
Heavy Intermediate.....	E	10 No. 2 (·280) galvanized compounded and yarn served.	1·25	
Light Intermediate.....	B	10 No. 6 (·200) galvanized compounded and yarn served.	5·00	
Heavy Deep Sea.	D	17 No. 13 (·095) galvanized compounded and yarn served.		649·00
Light Deep Sea..	D	16 No. 14 (·083) galvanized each wire taped and compounded.		1,524·00
			8·00	2,173·00

Total contract length of cable, 2,181·00 nautical miles.

Core { 220 lbs. copper.
180 lbs. gutta percha.

(*a*) The conductor to consist of a central copper wire of 82 mils. in diameter surrounded by three copper strips each 97 mils. by 15 mils. the completed conductor to weigh 220 lbs. per nautical mile or within $2\frac{1}{2}$ per cent. thereof but the average weight per nautical mile shall not be less than that specified.

The interstices of the strips to be completely filled with Chatterton's compound.

The resistance per nautical mile of the conductor at a temperature of 75° Fahrenheit shall not be more than 5·54 B.A. ohms.

(*b*) The conductor to be insulated with three or more coatings of gutta percha of uniform radial thickness and of the best description and manufacture and such coatings may be applied with or without the use of compound between the successive coatings of gutta percha.

The average weight of the dielectric shall not be less than 180 lbs. per nautical mile and no coil of core shall have a less weight of dielectric than 175 lbs. per nautical mile.

The core seven days after manufacture and not before that period has elapsed shall be submitted for testing to the engineer or his representative.

For the purpose of these tests the core shall be immersed for at least 24 hours in water having as nearly as practicable a temperature of 75 degrees Fahrenheit and when tested at this temperature the resistance of the dielectric after one minute's electrification shall not be less than 500 nor more than 1,500 megohms per nautical mile on the average and its average inductive capacity shall not exceed 0·385 microfarads per nautical mile and the maximum variation in the capacity of any coil is not to be higher than 5 per cent above the average value specified.

The total weight of the core when completed to be 400 lbs. per nautical mile or within $2\frac{1}{2}$ per cent thereof but the mean weight of the whole must be at least equal to the specified weight.

(*c*) The cores of types A A E and B specified as to be brass sheathed are to be covered with a sheathing of brass tape four mils. thick laid on spirally with a sufficient overlap and further covered with an ozokerited woven tape the whole to be done in an approved manner.

(*d*) Each coil of core shall if required be submitted to an alternating E. M. F. of at least 5,000 volts this electrical pressure test to last 15 minutes on each coil.

The coils of core to be delivered in lengths of not less than 1·5 nautical mile without joint and the length and weight of conductor and dielectric of each coil shall be given in writing to the engineer.

No coil can be accepted that does not comply with the electrical conditions before mentioned.

(*e*) The completed core to be covered with an ample and sufficient serving of jute yarn steeped in cutch or other approved preservative mixture of such strength as to have the best preservative effect and applied wet. The yarn to be of good quality of even size free from lumps so as to give a uniform gauge to the served core and of sufficient strength to avoid breakages when being laid up. This serving is to be sufficient to prevent the sheathing wires being laid up so close as to render the cable too springy.

OUTER COVERINGS.

(*f*) Type AA (heavy shore end). Type B light intermediate cable to be further served with tarred jute yarn and again closed with 14 galvanized low carbon basic iron wires No. 1 B. W. G. equal to ·300 of an inch when galvanized or within $2\frac{1}{2}$ per cent thereof.

Average breaking strain of the No. 1 B. W. G. wires to be not less than 25 tons per square inch nor more than 30 tons per square inch and to bear 12 twists in lengths of 6 inches.

(*g*) Type E (heavy intermediate). The served core to be covered with 10 galvanized low carbon basic iron wires No. 2 B. W. G. equal to ·280 of an inch when galvanized or within $2\frac{1}{2}$ per cent thereof.

Average breaking strain to be not less than 27 tons to the square inch nor more than 32 tons to the square inch with an elongation of 10 per cent in lengths of 10 inches and to bear 10 twists in lengths of 6 inches.

(*h*) Type B (light intermediate). The served core to be covered with 10 galvanized low carbon basic iron wires No. 6 B. W. G. equal to ·200 of an inch when galvanized or within 2½ per cent thereof.

Average breaking strain to be not less than 28 tons to the square inch nor more than 35 tons to the square inch with an elongation of not less than 12 per cent and to stand not less than 15 twists in lengths of 6 inches.

(*i*) Type D^1 (heavy deep sea). The served core to be covered with 17 galvanized steel wires each wire being well covered with a bituminous compound.

The galvanized steel wires to be No. 13 S. W. G. equal to ·095 of an inch when galvanized or within 2½ per cent thereof and to bear a breaking strain of not less than 85 tons to the square inch with an elongation of not less than 4 per cent.

The wire to be capable of being bent round its own diameter 3 times and unbent 3 times without breaking.

The wire to be in bundles of not less than 2 cwt. and to have no more than one weld in each bundle.

(*j*) Type D (light deep sea). The served core to be covered with 16 galvanized steel wires each wire being well covered with a preservative compound and taped to a diameter of ·100 of an inch.

The galvanized steel wires to be No. 14 B. W. G. equal to ·083 of an inch when galvanized or within 2½ per cent thereof and to bear a breaking strain of not less than 84 tons per square inch with an elongation of not less than 4 per cent.

The wire to be capable of being bent round its own diameter 3 times and unbent 3 times without breaking.

The wire to be in bundles of not less than 2 cwt. and to have no more than one weld in each bundle.

(*k*) The wire to be free from splinters and irregularities, no brittle wire to be put in the cable nor weld made within 12 feet of any other weld. All joints in the sheathing wires to be welded either electrically or by efficient workmen, no brazed or soldered joints to be made.

(*l*) The galvanized wire to withstand 4 immersions of 1 minute each in a solution of sulphate of copper (1 sulphate to 5 water by weight) without showing a trace of copper coating.

(*m*) Before being used for the sheathing of the cables the galvanized wire for the types AA E B and D^1 is to be heated in a kiln or oven just sufficiently to drive off all moisture and whilst warm is to be dipped into a hot compound not containing anything deleterious to the core and so prepared as to adhere to the wire and form when set a perfectly fixed preservative coating that will not come off in passing through the closing machine.

OUTER SERVING.

(*n*) Types AA E B and D^1 manufactured as above to be covered with two servings of jute yarn steeped in 'freed' coal tar and laid on spirally in opposite directions alternating with three coatings of Clark's compound applied hot.

(*o*) Type D manufactured as above to be covered with two Hessian canvas tapes soaked in an approved preservative compound and laid on spirally in opposite directions alternating with three coatings of Clark's compound.

PART III.

Section C—Fiji (Suva)—Norfolk island (Sydney bay).
Section D—Norfolk island (Sydney bay)—Queensland (Moreton bay).
Section E—Norfolk island (Sydney bay)—New Zealand.

SECTION C.

Fiji (Suva)—Norfolk Island (Sydney Bay).

SPECIFICATION.

For the manufacture of the lengths and types of cable to be furnished by the Contractors under the contract.

Description.	Type.	Sheathing.	Length in Nautical Miles to be manufactured.	
			Core { 130 lbs. Copper. 130 lbs. Gutta Percha.	
			Core Brass sheathed.	Core not Brass sheathed.
Rock cable	G	Type E 10 No. 2 reclosed with 6 No. 00 (·380) galvanized and compounded.....	0·75	
Heavy shore end....	AA	Type B[1] 12 No. 8 reclosed with 14 No. 1 (·300) galvanized compounded and yarn served.....	1·50	
Heavy intermediate.	E	10 No. 2 (·280) galvanized compounded and yarn served.....	4·50	
Light intermediate ..	B[1]	12 No. 8 (·165) galvanized compounded and yarn served	43·25	
Deep sea	D[1]	16 No. 13 (·095) galvanized compounded and yarn served.....		969·0
			50·00	969·00

Contract length of cable 1,019 nautical miles.

SESSIONAL PAPER No. 59a

SECTION D.

Norfolk Island (Sydney Bay)—Queensland (Moreton Bay).

SPECIFICATION.

For the manufacture of the Lengths and Types of Cable to be furnished by the Contractors under the Contract.

DESCRIPTION.	TYPE.	SHEATHING.	LENGTH IN NAUTICAL MILES TO BE MANUFACTURED. Core {130 lbs. Copper. 130 lbs. Gutta Percha.	
			Core Brass sheathed.	Core not Brass sheated.
Rock cable	G	Type E 10 No. 2 reclosed with 6 No. 09 (·380) galvanized and compounded	0·75	
Heavy shore end....	AA	Type B[1] 12 No. 8 reclosed with 14 No. 1 (·300) galvanized compounded and yarn served.	5·75	
Heavy intermediate.	E	10 No. 2 (·280) galvanized compounded and yarn served.....	23·50	
Light intermediate ..	B[1]	12 No. 8 (·165) galvanized compounded and yarn served.....	24·00	
Deep sea	D[1]	16 No. 13 (.095) galvanized compounded and yarn served	.....	852·00
			54·00	852·00

Contract length of cable 906·00 nautical miles.

SECTION E.

NORFOLK ISLAND (SYDNEY BAY)—NEW ZEALAND.

SPECIFICATION.

For the manufacture of the lengths and types of cable to be furnished by the Contractors under the Contract.

DESCRIPTION.	TYPE.	SHEATHING.	LENGTH IN NAUTICAL MILES TO BE MANUFACTURED. Core {130 lbs. Copper. 130 " Gutta Percha.	
			Core Brass Sheathed.	Core not Brass Sheathed.
Rock cable	G	Type E 10 No. 2 reclosed with 6 No. 00 (·380) galvanized and compounded. ...	0·75	
Heavy shore end....	AA	Type B[1] 12 No. 8 reclosed with 14 No. 1 (.300) galvanized compounded and yarn served.	5·5	
Heavy intermediate.	E	10 No. 2 (.280) galvanized compounded and yarn served..	11·5	
Light intermediate .	B[1]	12 No. 8 (·165) galvanized compounded and yarn served..	55·25	
Deep sea.....	D[1]	16 No. 13 (·095) galvanized compounded and yarn served..	...	440·00
			73·00	440·00

Contract length of cable 513 nautical miles.

Grand total of nautical miles of cable to be furnished by the contractors under the contract for sections C D and E, 2,438.

Section C.—Fiji (Suva)—Norfolk island (Sydney bay).

Section D.—Norfolk island (Sydney bay)—Queensland (Moreton bay).

Section E.—Norfolk island (Sydney bay)—New Zealand.

Core { 130 lbs. copper.
130 lbs. gutta percha.

(*a*) The conductor to consist of a strand of 7 copper wires the completed conductor to weigh 130 lbs. per nautical mile or within $2\frac{1}{2}$ per cent thereof but the average weight per nautical mile shall not be less than that specified.

The resistance per nautical mile of the conductor at a temperature of 75° Fahrenheit shall not be more than 9·35 B.A. ohms.

The central wire to be drawn through compound before the surrounding wires are laid round it.

(*b*) The conductor to be insulated with three or more coatings of gutta percha of uniform radial thickness and of the best description and manufacture and such coatings may be applied with or without the use of compound between the successive coatings of gutta percha the dielectric shall weigh 130 lbs. per nautical mile or within $2\frac{1}{2}$ per cent thereof but the average weight of the insulator shall not be less than that specified.

The core 7 days after manufacture and not before that period has elapsed shall be submitted for testing to the engineer or his representative.

For the purpose of these tests the core shall be immersed for at least 24 hours in water having as nearly as practicable a temperature of 75° Fahrenheit and when tested at this temperature the resistance of the dielectric after 1 minute's electrification shall not be less than 500 nor more than 1,500 megohms per nautical mile on the average and its average inductive capacity shall not exceed 0·355 microfarads per nautical mile and the maximum variation in the capacity of any coil is not to be higher than 5 per cent above the average value specified.

The total weight of the core when completed to be 260 lbs. per nautical mile or within $2\frac{1}{2}$ per cent thereof the mean weight of the whole must be at least equal to the specified weight.

(*c*) The cores of types G AA E and B^1 specified as to be brass sheathed are to be covered with a sheathing of brass tape 4 mils. thick laid on spirally with a sufficient overlap and further covered with an ozokerited woven tape the whole to be done in an approved manner.

(*d*) Each coil of core shall if required be submitted to an alternating E.M.F. of at least 5,000 volts this electrical pressure test to last 15 minutes on each coil.

The coils of core to be delivered in lengths of not less than 1·5 nautical miles without joint and the length and weight of conductor and dielectric of each coil shall be given in writing to the engineer.

No coil can be accepted that does not comply with the electrical conditions before mentioned.

(*e*) The completed core to be covered with an ample and sufficient serving of jute yarn steeped in cutch or other approved preservative mixture of such strength as to have the best preservative effect and applied wet. The yarn to be of good quality of even size free from lumps so as to give a uniform gauge to the served core and of sufficient strength to avoid breakages when being laid up. This serving is to be sufficient to prevent the sheathing wires being laid up so close as to render the cable too springy.

OUTER COVERINGS.

(*f*) Type G (rock cable).—Type E as completed with outer serving to be again served with tarred jute yarn and again closed with six galvanized low carbon basic iron wires No. 00 B. W. G. equal to ·380 of an inch diameter when galvanized or within $2\frac{1}{2}$ per cent thereof. The No. 00 wire of this outer sheathing to be specially soft and the lay to be sufficiently short to form a close covering round the inner cable.

(*g*) Type AA (heavy shore end).—Type B[1] light intermediate cable to be served with tarred jute yarn and again closed with 14 galvanized low carbon basic iron wires No. 1 B. W. G. equal to ·300 of an inch when galvanized or within 2½ per cent thereof.

Average breaking strain of No. 1 B. W. G. to be not less than 25 tons to the square inch nor more than 30 tons to the square inch and to bear 12 twists in lengths of 6 inches.

(*h*) Type E (heavy intermediate).—The served core to be covered with 10 galvanized low carbon basic iron wires No. 2 B. W. G. equal to ·280 of an inch when galvanized or within 2½ per cent thereof.

Average breaking strain to be not less than 27 tons to the square inch nor more than 32 tons to the square inch with an elongation of not less than 10 per cent in lengths of 10 inches and to stand not less than 10 twists in lengths of 6 inches.

(*i*) Type B[1] (light intermediate).—The served core to be covered with 12 galvanized low carbon basic iron wires No. 8 B. W. G. equal to ·165 of an inch when galvanized or within 2½ per cent thereof.

Average breaking strain to be not less than 28 tons to the square inch nor more than 33 tons to the square inch with an elongation of not less than 14 per cent and to stand not less than 15 twists in lengths of 6 inches.

(*j*) Type D[1] (deep sea).—The served core to be covered with 16 galvanized steel wires each wire being well covered with a bituminous compound.

The galvanized steel wires to be No. 13 S. W. G. equal to ·095 of an inch when galvanized or within 2½ per cent. thereof and to bear a breaking strain of not less than 85 tons per square inch with an elongation of not less than 4 per cent.

The wire to be capable of being bent round its own diameter 3 times and unbent 3 times without breaking.

The wire to be in bundles of not less than 2 cwt. and to have no more than one weld in each bundle.

(*k*) The wire to be free of splinters and irregularities no brittle wire to be put in the cable nor weld made within 12 feet of any other weld. All joints in the sheathing wires to be welded either electrically or by efficient workmen no brazed or soldered joints to be made.

(*l*) The galvanized wire to withstand 4 immersions of 1 minute each in a solution of sulphate of copper (1 sulphate to 5 water by weight) without showing a trace of copper coating.

(*m*) Before being used for the sheathing of the cables the galvanized wire for all the types is to be heated in a kiln or oven just sufficiently to drive off all moisture and whilst warm is to be dipped into a hot compound not containing anything deleterious to the core and so prepared as to adhere to the wire and form when set a perfectly fixed preservative coating that will not come off in passing through the closing machine.

OUTER SERVING.

(*n*) Types AA E B[1] and D[1] manufactured as above to be covered with 2 servings of jute yarn steeped in "freed" coal tar and laid on spirally in opposite directions alternating with 3 coatings of Clark's compound applied hot.

PART IV.

GENERAL CONDITIONS applicable to all the specifications contained in the first second and third parts of this schedule.

The manufacture of the cable shall not be carried on at night without the consent of the engineer.

No coils of core shall be sheathed before they have been tested and approved by the engineer or his representative appointed for that duty.

All coils shall be labelled, numbered and registered and as the manufacture of the cable proceeds the engineer or his representative shall be supplied with a complete list showing the order in which they are placed in the cable.

The joints in the core are to be made by experienced workmen. In every case one joint maker is to be employed to join the conducting wire and another to apply the insulating covering. Each joint shall if required be inspected tested and passed by the engineer or his assistant before it is allowed to pass into the cable.

Reasonable notice shall be given to the engineer or his assistant when each joint is to be made to enable him to be present at its making if he so desires, and ample time shall be allowed for a satisfactory test six hours after it has been immersed in water.

The manufacture of the cable in every stage as well as the materials and compounds used therein shall be of the best and be satisfactory to the engineer.

The sections of the cable under manufacture shall be handed over for daily testing to the engineer with a memorandum for each showing the numbers weights and lengths of the coils jointed on during the previous 24 hours the total length in circuit and the length completed and sufficient time shall be given for proper and satisfactory tests to be taken.

Every nautical mile of cable shall be carefully marked with a leather tally on which the number is stamped and securely fixed at the end of each mile.

The cable when manufactured shall be coiled in suitable water-tight tanks receiving at the same time a good coating of whitewash and shall be kept as far as practicable constantly under water.

A separate and convenient room for testing the core and cable with instruments and batteries is to be provided by the contractors at their works for the engineer's electrician and free access to the works is to be given to the engineer or his representative and also every facility for testing and examining the cable and materials.

The cable shall be shipped from the contractors' works direct into the tanks of the ship. It shall receive at the same time a thorough coating of chalk and water.

The vessel on which the cable is shipped for transport shall not leave her moorings until the cable has been tested from the shore by the engineer or his representative to his satisfaction and ample time shall be allowed after the completion of the shipment for this purpose.

During the transport the cable shall as far as practicable be kept under water and tested each day by the contractors' electricians and a complete copy of the test shall be supplied to the engineer.

No damaged cable shall be laid and the engineer shall be entitled to refuse to allow any portion of the cable to be laid which in his opinion is damaged and unfit for use.

The electrical condition of every portion of the cable when manufactured and of the entire cable when shipped and also of the co npleted cable when laid shall be such as having regard to its previous condition and making due allowance for the mean actual temperature of the water as shown by the resistance of the conductor to give no good grounds for believing that any fault exists in the insulator or conductor.

SESSIONAL PAPER No. 59a

THE THIRD SCHEDULE.

SCHEDULE OF SOUNDINGS TO BE MADE BY THE CONTRACTORS.

1.

Section.	Number of Soundings to be taken on each Section.	Approximate positions between which Soundings are to be made.	
Vancouver-Fanning	20	Lat. 8 30 00 N. Long. 157 00 00 W.	Lat. 4 00 00 N. Long. 159 20 00 W.
Fanning-Fiji	47	Lat. 3 00 00 S. Long. 165 40 00 W.	Lat. 18 20 00 S. Long. 178 00 00 E.
Fiji-Norfolk island	65	Lat. 18 20 00 S. Long. 178 18 00 E.	Lat. 28 57 00 S. Long. 168 40 00 E.
Norfolk island-Queensland	53	Lat. 29 4 00 S. Long. 167 55 00 E.	Lat. 27 19 00 S. Long. 153 51 00 E.
Norfolk island-New Zealand	30	Lat. 29 5 00 S. Long. 167 58 00 E.	Lat. 34 00 00 S. Long. 173 24 00 E.
Total	215		

2. In addition to the above soundings the contractors shall subject to the direction of the contracting governments' engineer (in this schedule referred to as 'the engineer') make profile soundings at positions where the routes of the cables approach the landing in order that the slope may be determined and a suitable approach to the landing place of the cable may be selected.

The approximate positions where such profile soundings shall be made are as follows :—

The approach to the selected landing place in Queensland.
The approach to the selected landing place in Fiji.
The approach to the selected landing place in New Zealand.

3. For the purpose of examining and reporting upon the most suitable landing places for the cables, the sites of stations and obtaining local information upon these points the contractors shall if necessary and subject to the engineer's decision, afford the engineer all reasonable opportunity for such examination at the following places :—

Queensland.
Norfolk island.
New Zealand.
Fiji.
Fanning island.

4. The steamship provided by the contractors for the carrying out of the work specified shall be capable of maintaining on a voyage a speed of not less than 10 nautical miles per hour, and shall be properly found and fitted with all necessary sounding machinery and appliances of the most modern type and description the contractors supplying at their own cost all the necessary coals, crew and provisions for the steamship employed, as well as paying all port dues and such like expenses.

5. The ship shall also have a full and competent staff for the proper carrying out of the survey, and shall be despatched if required not later than six weeks from the signing of the contract.

6. The ship and her whole equipment shall be approved by the engineer or in case of difference between him and the contractors by such other engineer as the contracting governments and the contractors shall mutually appoint and the decision of such engineer shall be final.

7. The contractors shall provide victualling and suitable accommodation for the engineer and his staff (not exceeding in the whole three persons) on board the vessel during the survey and until the return of the expedition.

8. During the operations and survey the engineer shall be supplied with any information which is in the possession of the contractors, which he may require in connection with the work. He shall also have the right of inspecting the charts, log and observations taken during the survey.

9. The engineers for the purpose of these articles and referred to in clause 2 of this schedule, shall be Herbert Arnaud Taylor, Robert Edward Peake and Arthur Lovel Dearlove, or any one or more of them acting in the name of their firm of Clark, Forde and Taylor and several members of the firm may act as engineer at the same time in different places.

10. Should any difference arise between the contracting governments or the engineer and the contractors under or in relation to any of the provisions of the contract mentioned in this schedule, the same shall be referred to arbitration by a single arbitrator in manner provided by the Arbitration Act, 1889, or any statutory modification thereof for the time being in force.

Signed, sealed and delivered by the Right Honourable Sir Michael Edward Hicks-Beach, being one of the Lords Commissioners of Her Majesty's Treasury in the presence of
FRANCIS MOWATT,
Treasury.
L. J. HEWBY.
Treasury.
} M. E. HICKS-BEACH. [L.S.]

Signed, sealed and delivered by William Hayes Fisher, being one of the Lord's Commissioners of Her Majesty's Treasury in the presence of
FRANK GREEN,
13 Buckingham Palace Gardens, S.W.
Butler.
F. W. HOLNESS,
Treasury Messenger,
Whitehall.
} W. H. FISHER. [L.S.]

Signed, sealed and delivered by the beforenamed, the Right Honourable Lord Strathcona and Mount Royal in the presence of
FRANCIS MOWATT,
Treasury.
T. G. COLMER,
17 Victoria St., S. W.
} STRATHCONA & MOUNT ROYAL. [L.S.]

Signed, sealed and delivered by the beforenamed, the Honourable Henry Copeland in the presence of
S. YARDLEY,
9 Victoria St., Westmr.
W. F. ADDEY,
Solictor's Department,
Treasury, London.
} HENRY COPELAND. [L.S.]

Signed, sealed and delivered by the before-named Lieutenant General the Honourable Sir Andrew Clarke in the presence of
C. LEWIS,
42 Portland Place, Butler.
W. F. ADDEY,
Solictor's Department,
Treasury, London.

} AND. CLARKE. [L.S.]

Signed, sealed and delivered by the before-named, the Honourable William Pember Reeves in the presence of
WALTER KENNAWAY,
13 Victoria Street,
London, S.W.
W. F. ADDEY,
Solicitor's Department,
Treasury, London.

} W. P. REEVES. [L.S.]

Signed, sealed and delivered by the before-named, the Honourable Sir Horace Tozer in the presence of
J. M. GRANT,
1 Victoria Street, S.W.
W. F. ADDEY,
Solicitor's Department,
Treasury, London.

} HORACE TOZER. [L.S.[

The Common Seal of the Telegraph Construction and Maintenance Company, Limited, was hereunto affixed in the presence of
Director—W. SHUTER.
Secretary—E. DICKENS.

} SEAL

OFFICE OF THE HIGH COMMISSIONER FOR CANADA,
17 VICTORIA STREET,
LONDON, S.W., January 26, 1901.

The Right Honourable
Sir WILFRID LAURIER, G.C.M.G., P.C.,
Ottawa.

I beg to confirm my telegram to you of the 24th inst as follows:—

"In reply my communications protesting against proposed arrangements, Administrator New South Wales telegraphs Colonial Office following: Referring to your telegram eighth January my ministers advise Pacific Cable Board no power deal any matter affecting post office except Pacific Cable. Our post office probably pass to Federal Government end next month when cable rates would necessarily be uniform. At present this state pays 4/11 per word, while adjoining state pays 3/6. Paving way for uniformity federal service my government entered into agreement Eastern Extension Company for uniformity rate from 1st February. Ends. Agreement signed sixteenth instant. Victorian Government advises Agent General this result conference between Postmasters General New South Wales and Victoria at which mutually agreed grant Eastern Extension Co. permission open offices for direct transaction business from date completion Pacific Cable but getting reduction from 1st prox. Postmaster General Victoria, however, agreed under misapprehension exact position matter and his government were determined do nothing involving breach terms on which contributing parties entered into Pacific Cable contract, but New South Wales having obtained advantages they are desirous occupy as good position as other States if other parties interested do not consider breaking faith. Large number their people consider proposed agreement justifiable and Mr. Chamberlain is being asked give consent. Special meeting Pacific Cable Board being called consider matter. Please cable your views. Fersonally not disposed accede request Victoria."

The following reply from you reached me this morning:

"Canadian Government entered into Pacific Cable partnership in full confidence no partner government would alter conditions then existing to prejudice of scheme. Consider concessions asked for Eastern Extension would if granted materially alter conditions and seriously prejudice scheme. Canada certainly will be unwilling to continue its adherence if co-partners without mutual consent change basis on which partnership formed. Last Saturday received cable from Premier Victoria asking views and cabled reply to above effect."

I take the opportunity of writing to transmit a copy of the telegram from the Government of Victoria to its Agent General, Sir Andrew Clarke, on the subject; also further letters, with their enclosures, which have reached me from the Colonial office on the subject.

I append also, for the information of the government, a copy of the communication I have to-day addressed to Mr. Chamberlain on the subject.

STRATHCONA.

January 26, 1901.

The Under Secretary of State.
Colonial Office,
S. W.

I beg to acknowledge your letter of the 23rd instant respecting the reported acceptance by the Government of New South Wales of the proposals of the Eastern Extension Telegraph Company, and transmitting copy of a telegram received from the officer administrating the Government of that colony, on the subject.

Your further letter of the 25th instant, with a copy of Mr. Chamberlain's telegram to the Government of New South Wales dated 8th instant, has also reached me.

I had no doubt that the action of the New South Wales Government would cause grave disappointment among the other partners in the Pacific Cable scheme. After all

the correspondence that has passed, it was never deemed possible that any one of the partners in the construction of the Pacific Cable would enter into any agreement with a competing line, without the consent and approval of Her Majesty's Government and the other colonies associated with them

Sir Andrew Clarke, a few days ago, handed to me a copy of a telegram received by him from the Government of Victoria, stating that although they had agreed with the New South Wales Government recently to sign the agreement with the Eastern Extension Company, their action in the matter was the result of a misapprehension and that they did not wish to proceed further or to do anything that could possibly be regarded as a breach of the terms on which the contributing parties had entered into the contract for the Pacific Cable. At the same time, the telegram gave expression to the desire of the government, should no objection be raised, to participate in the temporary advantages which the people of New South Wales would secure by the action of its government.

I at once took the opportunity of cabling to Canada both the telegrams received by Mr. Chamberlain from New South Wales, and the effect of the telegram addressed to Sir Andrew Clarke by the Government of Victoria.

I have now to transmit, for the information of Mr. Chamberlain, the following telegram which reached me to-day from Sir Wilfrid Laurier.

"Canadian Government entered into Pacific Cable partnership in full confidence no partner Government would alter conditions then existing to prejudice of scheme. Consider concessions asked for Eastern Extension would, if granted, materially alter conditions and seriously prejudice scheme. Canada certainly will be unwilling to continue its adherence if co-partners, without mutual consent, change basis on which partnership formed. Last Saturday received cable from Premier, Victoria, asking views and cabled reply to above effect."

I venture to believe that His Majesty's Government will use their best endeavours with New South Wales, and with the Government of Victoria, to bring about a reconsideration of the matter, in the hope that it may still be possible to avoid the consequences of the action of the former Government, which are certainly calculated to seriously prejudice both the construction and successful operation of the Pacific Cable.

STRATHCONA.

Copy of telegram received on January 21, 1901.

(Transmit following telegram to Secretary of State for Colonies.)

Pacific Cable, Western Australia, South Australia, Tasmania, some months ago agreed with Eastern Extension Company to grant permission to at once open offices for direct transaction of business, and have obtained considerable reduction charges. Postmaster General New South Wales, Victoria, had conference, and agreed in writing to give similar privileges from the date of completion of Pacific Cable, but getting reduction at once, namely, from February 1, Victorian Postmaster General being under misapprehension of exact position of matter. New South Wales has instructed Agent General, and he has signed agreement, but on matter being reported to Victoria cabinet they were determined not to do anything that would be breach of terms on which contributing parties enter into contract. However, New South Wales having obtained the advantages, we are naturally desirous our people should be in position as good as other States, if other parties interested do not consider that we are breaking faith with them. I would be glad to know therefore under the circumstances as they now exist, you will object to Victoria enter into agreement proposed. Matter of allowing Eastern Extension Company to have separate offices was not thought of or taken into consideration at the time of negotiation, and large numbers of our people consider that proposed agreement is justifiable, and therefore I should be glad if you can give your consent.

Telegraph reply.

COLONIAL OFFICE, January 25, 1901.

The Under Secretary of State for the Colonies presents his compliments to the High Commissioner for Canada, and requests that he will be good enough to add the accompanying copy of a telegram to the officer administering the government of New South Wales to the inclosure in the letter from the Colonial Office on January 23 respecting the proposals of the Eastern Extension Telegraph Company.

(Telegram.)

Mr. Chamberlain to the Officer Administering the Government of New South Wales,
(Sent 5 p.m., January 8, 1901.)

Referring to my telegram of July 2, Canadian Government are informed that New South Wales will probably accept proposals of Eastern Telegraph Company. Presume that this is not correct, and that matter will be kept open till Pacific Cable Board is in position to deal with it.

COLONIAL OFFICE,
DOWNING STREET, S.W., January 23, 1901

The High Commissioner for Canada.

With reference to the letter from this Department of the 14th instant, respecting the reported acceptance by the Government of New South Wales of the proposals of the Eastern Extension Telegraph Company, I am directed by Mr. Secretary Chamberlain to transmit to you, for your information and for the information of the Canadian Government, copy of a telegram which has now been received from the officer administering the Government of New South Wales on the subject.

H. BERTRAM COX.

(Telegram).

The Officer Administering the Government of New South Wales to Mr. Chamberlain

(Received Colonial Office, 3.30 a.m., January 17, 1901.)

Referring to your telegram of January 8, my ministers advise that Pacific Cable Board has no power to deal with any matter affecting post office except Pacific Cable. Our post office will probably pass to Federal Government at the end of next month when cable rates would necessarily be uniform. At present this State pays 4s. 11d. per word, while the adjoining state pays 3s. 6d. Paving the way for uniformity in the federal service my government has entered into agreement with Eastern Extension Company for uniformity of rate from February 1st.

OFFICE OF THE HIGH COMMISSIONER FOR CANADA,
17 VICTORIA STREET,
LONDON, S.W., January 29, 1901.

Right Honourable
Sir WILFRID LAURIER, G.C.M.G.,
Ottawa.

In continuation of my letter of the 26th instant, respecting the acceptance by the Government of New South Wales of the proposals of the Eastern Extension Telegraph Company, I now beg to transmit to you, for your information, a copy of a further letter which has reached me from the Colonial Office covering a copy of a correspondence with

the Agent General for Victoria in regard to the proposals made to his government by the Eastern Extension Telegraph Company for the conclusion of an agreement similar to that recently entered into by the Government of New South Wales; together with a copy of a letter from the Agent General for New Zealand on the subject of the latter agreement.

I trust that the views which have been expressed against the acceptance of the proposals will prevent any further action being taken before the matter can be considered at the meeting of the Pacific Cable Board which is shortly to take place.

It will be within your knowledge that the contract for the construction and laying down of the Pacific Cable was signed on behalf of the contracting parties on the 31st ultimo. I had the honour, in accordance with the authority which you were so good as to convey to me by cable on November 30 last, of signing on behalf of the Government of the Dominion of Canada. I do not, however, send you a copy of the contract as I am informed by the Colonial Office that copies have been forwarded direct to the colonial governments who are parties to the contract, and I do not doubt that ere this you have had an opportunity of seeing it.

STRATHCONA.

DOWNING STREET, January 26, 1901.

The High Commissioner for Canada.

With reference to the letter from this department of the 23rd instant, I am directed by Mr. Secretary Chamberlain to transmit to you, for your information, copy of a correspondence with the Agent General for Victoria with reference to the proposals made to his Government by the Eastern Extension Telegraph Company, for the conclusion of an agreement similar to that recently entered into by the Government of New South Wales.

2. I am also to enclose copy of the letter from the Agent General for New Zealand referred to in this correspondence.

H. BERTRAM COX.

VICTORIA OFFICE, 15 VICTORIA STREET,
WESTMINSTER, S.W., January 22, 1901.

The Under Secretary of State,
Colonial Office, S.W.

I have the honour to inform you that I have received the following telegram from my government :—

'Transmit following telegram to Secretary of State for Colonies :—Pacific Cable. Western Australia, South Australia, Tasmania, some months ago agreed with Eastern Extension Company to grant permission to at once open offices for direct transaction of business, and have obtained considerable reduction charges. Postmasters General New South Wales, Victoria, had conference and agreed in writing to give similar privileges from the date of completion of Pacific Cable, but getting reduction at once, namely, from 1st February, Victorian Postmaster General being under misapprehension of exact position of matter. New South Wales has instructed Agent General, and he has signed agreement, but on matter being reported Victorian cabinet, they were determined not to do anything that would be breach of terms on which contributing parties enter into contract. However, New South Wales having obtained the advantages, we are naturally desirous our people should be in position as good as other States, if other parties interested do not consider that we are breaking faith with them. I would be glad to know, therefore, under the circumstances as they now exist, you will object to Victoria enter into Agreement proposed matter of allowing Eastern Extension Company to have separate offices was not thought of or taken into consideration at the time of negotiation, and large numbers of our people consider that proposed agreement is justifiable and therefore I should be glad if you can give your consent. Telegraph reply.'

ANDREW CLARKE.

DOWNING STREET, January 26, 1901.

The Agent General for Victoria.

I am directed by Mr. Secretary Chamberlain to acknowledge the receipt of your letter of the 22nd instant, communicating the text of a telegram which you have received from the Government of Victoria with reference to the proposals made to them by the Eastern Extension Telegraph Company for the conclusion of an agreement similar to that recently entered into by the Government of New South Wales.

2. Mr. Chamberlain is endeavouring to arrange for the immediate assembly of the Pacific Cable Board in order that His Majesty's Government may have the benefit of the advice of that body, as representing all the partners in the Pacific Cable, before expressing a definite opinion on the subject.

3. A letter from the Agent General for New Zealand respecting the action of the Government of New South Wales is inclosed.

4. Copies of this correspondence have been communicated to the High Commissioner for Canada and the Agents General for New South Wales, Queensland and New Zealand.

H. BERTRAM COX.

7 WESTMINSTER CHAMBERS, 13 VICTORIA STREET,
LONDON, S.W., January 25, 1901.

The Under Secretary of State,
Colonial Office, S.W.

I am directed by the Agent General to acknowledge the receipt of your letter, No. 1897, 1901, of the 23rd inst., inclosing copy of a telegram which has been received from the Officer Administering the Government of New South Wales on the subject of the agreement entered into by the government of that state with the Eastern Telegraph Company, and, in reference thereto, to express his regret at the action taken by the New South Wales Government.

I am to add that the agent general would be glad to co-operate in any steps which might possibly be taken with a view to the reconsideration of the question at issue.

WALTER KENNEWAY.

OTTAWA, February 20, 1901.

The Right Honourable
LORD STRATHCONA AND MOUNT ROYAL,
High Commissioner for Canada,
London, England.

I beg to acknowledge the receipt of your letter of the 29th ultimo enclosing copy of the following correspondence, namely:—

Letter dated January 26 last, from the Colonial Office to yourself.

Letter from the Agent General for Victoria to the Colonial Office, dated January 22 last.

Reply of the Colonial Office, dated January 25, and letter from the Agent General for New Zealand to the Colonial Office with reference to the Pacific Cable.

His Excellency has also received a copy of the Pacific Cable contract. In continuance of the reference in my letter of the 18th instant to the agreement between New South Wales and the Eastern Extension Telegraph Company, I have to say that a further consideration of the subject only goes to confirm the view that the agreement may very seriously prejudice the financial success of the Pacific Cable scheme, and it seems to the Canadian Government essential that matters be restored to their former condition by the cancellation of that agreement. I would be glad, therefore, if you would communicate this view on behalf of the Canadian Government to the Agent General for New South Wales.

We are of opinion that none of the partners should enter into any arrangement adverse to the interest of the Pacific Cable scheme unless with the full knowledge and consent of the other partners. The correspondence above referred to indicates that Victoria is now considering a proposition apparently similar to that embraced in the New South Wales agreement, and I would be glad if you would at the earliest moment make known the views of the Canadian Government to the representative of Victoria.

W. LAURIER.

OFFICE OF THE HIGH COMMISSIONER FOR CANADA,
17 VICTORIA STREET, LONDON, S.W., February 5, 1901.

The Right Honourable
The President of the Privy Council,
Ottawa.

I have the honour to transmit to you herewith, for the information of the Government, a copy of a letter addressed to me by the Secretary of the British Empire League conveying the text of a resolution on the subject of the Pacific Cable which was unanimously adopted by the executive committee of the League at a meeting held on the 10th ultimo.

STRATHCONA.

112 CANNON STREET,
LONDON, E.C., January 16, 1901.

The High Commissioner for Canada.

At a meeting of the Executive Committee of the British Empire League, held on the 10th instant, with Sir Robert Herbert in the chair, the following resolution was unanimously adopted:—

'That the Executive Committee of the British Empire League expresses its satisfaction at the acceptance by the Imperial Government of a tender for the construction of the Pacific Cable, and congratulates the representatives of Canada, New South Wales, Victoria, Queensland and New Zealand, as well as the members of the British Empire League in Canada, upon the success of their efforts.'

My committee will esteem it a favour if your lordship will communicate the same to your government.

S. FREEMAN MURRAY.

OFFICE OF THE HIGH COMMISSIONER FOR CANADA,
17 VICTORIA STREET,
LONDON, S.W., 12th February, 1901.

The Right Honourable
Sir WILFRID LAURIER, G.C.M.G., P.C.,
Ottawa.

In continuation of previous correspondence respecting the Pacific Cable, I beg to transmit to you, herewith, for your information a copy of a letter which has reached me from the Treasury covering a copy of a Treasury Minute appointing the members of the board of management of the cable.

The first meeting of the board has been called for Monday the 25th instant, when, among other matters, consideration will be given to the question as to what action should be taken by the board in view of the arrangement between certain of the Australian Colonies and the Eastern Extension Telegraph Company.

I also inclose a copy of a letter addressed to me by the Agent General of New Zealand in which you will see that his government are entirely in accord with the view

of the Dominion Government as to the concession granted by the New South Wales Government to the Eastern Extension Company.

Sir Horace Tozer, the Agent General for Queensland, has also written me in a similar sense, explaining that his government have all along maintained the attitude that nothing should be done by any of the co-partners in the Pacific Cable contract which would be likely to have a prejudicial effect on the success of the cable. Queensland, however, is not directly represented on the Pacific Cable Board, but Sir Horace Tozer tells me that he has suggested to his Government that the Hon. W. P. Reeves, the Agent General for New Zealand, should be authorized to voice the views of Queensland at the meeting of the board.

I will keep you fully informed of what transpires from time to time.

STRATHCONA.

TREASURY CHAMBERS, February 5, 1901.

Lord Strathcona and Mount Royal, G.C.M.G.

I am directed by the Lords Commissioners of His Majesty's Treasury to forward herewith a copy of a Treasury minute appointing you and other gentlemen to the board of management of the Pacific Cable.

I am to add that the chairman of the board has been requested to call a meeting of the Board as soon as possible, and to notify the time and place of meeting to each member.

E. W. HAMILTON.

The Treasury in agreement with the Governments of Canada and of the States of New South Wales, Victoria and Queensland and of the Colony of New Zealand being the Governments contributing with His Majesty's Government to the cost of the construction laying and management of the Pacific cable in respect to which a contract was entered into with the Telegraph Construction and Maintenance Company on the 31st December, 1900 :—

Hereby appoint the following persons to constitute the board of management of the said cable, namely :—

Sir Spencer Walpole, K.C.B., (Chairman). G. E. Y. Gleadowe, Esq., C.M.G. W. H. Mercier, Esq., representing His Majesty's Government.

Lord Strathcona and Mount Royal, G.C.M.G., Alexander Lang, Esq., representing the Government of Canada.

The agents general for New South Wales and Victoria representing the Governments of New South Wales, Victoria and Queensland.

The agent general for New Zealand representing the Government of New Zealand.

The board is empowered to provide an office, to appoint or employ a manager, secretary and such officers and persons, and to take such steps, as they deem necessary for the business of the cable.

The chairman shall have a second or casting vote in any matter in which the votes of the board are equally divided ; and, so long as he does not hold any office or profit under the Crown or under any of the above mentioned governments, he shall receive a salary of £600 a year, to commence from the 1st February, 1901.

Any vacancy in the office of chairman or of other representative of His Majesty's Government shall be filled by the Board of Treasury for the time being. Any vacancy in the office of a representative of any of the other governments above mentioned shall be filled by the government, or governments, immediately concerned. There shall be paid to any officer or person appointed or employed by the board on the business of the cable such fee, remuneration, or salary as the board may think fit, and until parliament has made provision on that behalf, the said payment together with any payment made for the purposes of the cable shall be charged upon such moneys as the Treasury shall direct.

The board shall keep such accounts of receipts and expenditure, and the accounts shall be examined and audited at such times, in such manner and by such persons, as the Treasury shall direct and copies of such accounts so audited shall be furnished to each of the contributing governments.

AILWYN E. FELLOWES.
W. H. FISHER.

13 Victoria Street,
London, S.W., February 8, 1901.

The Right Honourable
Lord Strathcona and Mount Royal, G.C.M.G.,
17 Victoria Street, S.W.

Referring to your letter of the 26th ultimo, and in confirmation of the assurance which I have already given to you that my Government would co-operate with Canada in disapproving the step taken by the New South Wales Government, I beg to quote for your information a copy of a cablegram which I have this day received from my Government :—

'Inform High Comissioner for Canada that New Zealand works harmoniously with Victoria and Queensland and has no intention to agree to the concession asked for by Eastern Extension Company and will be no party to, without consent of partners, alter conditions or knowingly do anything prejudical to Pacific Cable.'

W. P. REEVES.

Ottawa, February 15, 1901.

Dominion,
London.

Received your letter of the 1st instant, inclosing agreement dated January 16 between New South Wales and Eastern Extension Company. Canadian law officers advise that under this agreement Eastern Company most probably entitled to require South Wales to send all its controllable cable traffic by Eastern Company. If similar agreements with other Australasian colonies and if this opinion correct then, inasmuch as Australasian governments own telegraph land lines, there would be practically no traffic from Australasia for Pacific Cable. Government think Australasian governments parties to Pacific Cable scheme should not contract against sending traffic by Pacific Cable nor enter into any arrangement or understanding likely to divert Australasian traffic from Pacific Cable. Canadian legislation for Canada's share of cost of cable now before Parliament. We must take Parliament fully into our confidence in connection with pending measure. Most important, therefore, to know view of Imperial Government as to legal effect of agreement also policy of South Wales Government as to sending traffic by Pacific Cable, also view of New South Wales Government as to effect of agreement, also whether any other agreement affecting Australasian cable traffic exists or is contemplated by South Wales Government. Government cabling Mr. Chamberlain on subject. Please see him.

LAURIER.

Ottawa, February 18, 1901.

The Right Honourable
Lord Strathcona and Mount Royal,
High Commissioner for Canada,
London, England.

I have to acknowledge the receipt of your letter of the 1st inst., inclosing copy of an agreement dated the sixteenth day of January, nineteen hundred and one, between the Eastern Extension Company and New South Wales. This agreement was referred by the Postmaster General to the Minister of Justice for his opinion as to its legal effect,

and I inclose copy of such opinion from which you will observe that in the minister's view the probable effect of the agreement is to give to the Eastern Company the right to require New South Wales to transmit all its controllable Australasian traffic by one or other of the Eastern Company's lines. Should this view be correct, then as New South Wales owns its land lines, it can practically control all Australasian traffic originating in or passing through New South Wales. The agreement intimates that other of the Australasian colonies have entered into similar agreements. It would therefore seem that a very serious condition of affairs has arisen.

When the Pacific Cable partnership was entered into (our Australasian partners controlling the land lines) we counted upon their good will for directing a large volume of traffic by the Pacific Cable. Whilst the legal effect of the agreement may be open to doubt, still the Eastern Company will place upon it the construction favourable to themselves, and if New South Wales yields to that construction the agreement may never be the subject of judicial determination.

It appears to the Canadian Government that none of our Australasian partners should, by contract or otherwise, put themselves in a position likely to interfere with their freedom to send Australasian traffic by the Pacific Cable, and I think that the Canadian Parliament will expect satisfactory assurances on this point from New South Wales and any other of our partners that may have entered into similar contracts.

WILFRID LAURIER.

LONDON, February 26, 1901.

LAURIER, Ottawa.

Further your cable sixteenth. Chamberlain has received cable from officer administering Government New South Wales following effect: That policy of New South Wales will be to use Pacific Cable for all government business, that agreement with Eastern Extension Company does not entitle latter require New South Wales send all controllable traffic by company's lines, that New South Wales free send traffic as it pleases, that no agreement affecting Australian cable business in existence or contemplated. Board had first meeting yesterday, all except representative New South Wales deprecate action of that colony in making agreement with Eastern Extension Company, and trust means can still be found by conference several governments interested prevent its operating to prejudice Pacific Cable.

STRATHCONA.

WINTERHOLME, OTTAWA, March 5, 1901.

Honourable R. W. SCOTT,
Secretary of State.

It having been intimated to me that the committee recently appointed by the Home Government to inquire into the telegraph service of the Empire, would shortly receive my views on the subject, I have sent to the chairman, Lord Balfour, of Burleigh, the following papers, viz. :—

1. Letter to His Excellency Lord Hopetoun, Governor General of Australia, on State-owned Telegraphs for the Empire. December 3, 1900.

2. Letter to Honourable William Mulock, Postmaster General, on a State-owned Telegraph Service, girdling the Globe. January 1, 1901.

3. Proposal to nationalize the Telegraph Service of the Empire. Resolution unanimously passed at the annual meeting of the British Empire League in Canada, February 13, 1901. With remarks in support of the motion.

As the subject of these papers will probably come before long under the consideration of the Canadian Government, in connection with the Pacific Cable, I deem it my duty to place them in your hands.

SANDFORD FLEMING.

SESSIONAL PAPER No. 59a

No. 1.

STATE-OWNED TELEGRAPHS FOR THE EMPIRE.

Letter to His Excellency the Earl of Hopetoun, Governor General of the Commonwealth of Australia. Ottawa, December 3, 1900.

OTTAWA, December 3, 1900.

To His Excellency
The Right Honourable THE EARL OF HOPETOUN,
Governor General,
Commonwealth of Australia.

I had the honour, in October, 1898, to address the Right Honourable Joseph Chamberlain, Secretary of State for the Colonies, on the subject of a state-owned system of cables for the British Empire. My letter was made public and the records of the press show that much interest was awakened and that a singular unanimity of opinion was evinced in favour of the proposal. Since that date events have occurred which, while they have had the effect of diverting attention from the subject, have at the same time in a remarkable degree emphasized its importance, especially to Australasia. I venture to think, therefore, that no time could be more opportune for its consideration than on the occurrence of the inauguration of the Commonwealth of Australia.

In asking Your Excellency to be good enough to bring the remarks which follow before the government of the commonwealth, I am unable to claim that I hold any official position. It is merely as a Canadian subject of Her Majesty that I make the request, and, as such, I feel we in Canada desire to think that we enjoy privileges, and have interests and rights in common with our fellow-subjects in Australia. While I venture to speak for my countrymen on the subject of this communication, and there are substantial reasons why I should do so, it is not without hesitation that I assume the self-imposed duty; but all hesitation must be set aside in view of the words of Your Excellency in bidding farewell a few weeks back at Hopetoun House in Scotland: 'This is no time for any one to hang back when he can serve the empire. Some can serve as soldiers, and right well have many done so during the past twelve months, others can serve in other capacities.'

I appeal then to Your Excellency in this spirit, satisfied that there are none so humble who cannot do faithful service. I appeal to Your Excellency under the firm conviction which has been forced on me that the subject of this communication demands immediate and earnest attention. I venture strenuously and respectfully to urge that it be one of the first matters brought to the consideration of your Government.

In Canada not less than in Australia we have an abiding desire to serve the empire. Soon after Canadians embarked in the constitutional career in which the Australian people are about to enter, they undertook a work of imperial magnitude—the establishment of a telegraph and railway across the continent of North America. Long before the undertaking was completed it became apparent that the electric wire on reaching the Pacific from the east should be extended across the Western ocean. The first proposal to connect Canada with Australia by a trans-Pacific electric cable was published in returns relating to the Canadian Pacific Railway laid before Parliament in 1880. From that date until the present the Canadian parliamentary records give evidence that the project has always been kept prominently in view.

It has fallen to my lot during these twenty years, unceasingly to take more or less active interest in the telegraphic connection of Australia with the mother country by way of Canada. The evidence shows that it has been a long chapter of difficulties and disappointments, that a series of obstructions raised by strong opposing influences have been encountered, but that owing to unrelaxed, persistent efforts and the steady adhesion of friends of the enterprise they have one by one been overcome. The dominant reason for desiring to see every obstacle removed and the connection by telegraph effected by the Canadian route is explained by the vitally important fact, that the Canadian route is absolutely the only route by which the globe may be girdled by a series of all-British

cables. Prolonged delays have been caused, but at length success is assured. An arrangement has now been reached under which the several governments immediately concerned shall without further loss of time, establish a Pacific cable as a state undertaking. The first part of the problem may therefore be regarded as solved, and the way is opened for entering fully into the consideration of the main proposal, viz: The establishment of a complete system of inter-imperial cables, which will put each part of the realm of Her Majesty in touch with every other part; the whole under state control, so that it can be utilized for the highest good of the empire.

At the close of the nineteenth century it is impossible to form a narrow conception of the British Empire. It has long since ceased to be confined to the group of islands on the west coast of Europe. The empire has undergone an extraordinary expansion, and now embraces vast territories in the four quarters of the globe. The subjects of the Queen are in possession of an immense extent of the earth's surface. The European home of the British people occupies but a fraction over one per cent of the superficial area of the whole empire.

The great Ruler of the Kingdoms of the world has brought many lands under one sovereignty. He has granted to our Queen length of days, and placed Her Majesty over great multitudes of the human race, comprising various nations and kindreds and peoples and tongues. We may regard this as evidence of beneficent design, and we are called upon as human agencies to take every means at our disposal to perfect the union of the mother of nations with the daughter states, in order that, united, they may fulfil their higher destiny.

The countries occupied by the family of British nations are widely sundered geographically; their shores are washed by the great oceans, and although for purposes of commerce, inter-communication is effected by fleets of steamships and sailing vessels, more adequate means of intercourse is needed. For general security, for great state purposes, no less than for the operations of trade and for ordinary social requirements, all the different parts of this widely scattered empire demand the freest use of the most perfect means of communication known to us.

We are familiar with the electric telegraph and its employment by land and sea. This marvellous agency is at our command, and it only requires to be properly applied, in order that it may best serve the highest interests of the people of the empire. Already it is employed in part, but as at present established and administered it is open to grave objections. It is wanting in essentials to our daily needs, and we are debarred from enjoying all the advantages which, if properly applied, it can confer.

There are lines of telegraph established across parts of Europe, Africa and Asia, connecting Australia with the mother country, but these lines at certain points pass through foreign territories or touch at foreign ports. At many places on their way they traverse shallow seas in proximity to foreign states, where they are liable at a critical moment to speedy interruption. Moreover, these telegraph lines are owned and controlled by private companies, and charges are exacted for the transmission of messages which are felt by all to be exorbitant, and by most people absolutely prohibitory.

In my letter to Mr. Chamberlain of October 28, 1898, a revised copy of which is appended, I have set forth the outlines of a scheme of arrangement for cables and land telegraphs by which the most wonderful product of science of the age may be adapted to the peculiar conditions of our empire. The proposal is to establish electric cables to and from each British possession; these cables to be connected with the local land lines in Canada, Australia, South Africa, India and elsewhere; in this manner linking together the whole empire by a chain of telegraphs without touching the territory of other nations, at the same time avoiding shallow waters adjacent thereto. Moreover, it is designed that the whole system of telegraphs, by land as well as by sea, be brought under state control, in order that the fullest benefit to the British people everywhere, and to the empire, be attained.

In my letter to Mr. Chamberlain, a peculiarity of the electric telegraph of far-reaching importance is pointed out. It is a peculiarity which, however, cannot be turned to public advantage so long as the cables of the empire remain in the hands of

private companies. The cost of sending a message by telegraph is not, as is generally supposed, governed by distance. It is true that the companies charge according to distance; but this is simply an expedient for obtaining from the telegraphing public larger profits. As a matter of fact, there is practically no more current outlay incurred in transmitting long than in transmitting short distance messages. It may be contrary to practice, it may not agree with preconceived ideas, but it is a fact nevertheless, that there is no known means by which communications may be sent at less actual cost than by telegraph. A mail or letter cannot be conveyed by railway or ocean steamer without expenditure on coal, machinery, oil, wages, and other things, to keep the train or ship in motion. The expenditure is constant for every hour, and continuous for every mile. The circumstances are entirely different in the case of the telegraph; when once established, equipped with instruments and manned by operators, messages may be transmitted one hundred or one thousand miles, with as much ease and at no greater actual cost than one mile.

This remarkable anomaly added to the equally remarkable, although better known fact, that transmissions by the electric wire are instantaneous, point to a system of state-owned cables and telegraphs as the ideal means of communication for an empire under such conditions as ours. If it be the case, and it is indisputable, that long-distance messages can be sent at no more actual working outlay than short-distance messages, we have happily a means at our command which will greatly tend to unify and consolidate this widely-scattered empire, provided we have the wisdom and forethought to bring it into use. If the principle of state-ownership of cables generally be carried into effect as suggested, I do not hesitate to state my belief that the day is not far removed when oversea messages will be sent from any one British prossession to any other, whatever the distance, at the uniform charge, first of one shilling, and eventually of sixpence a word.

I have always held a Pacific cable to be the initial link in a great chain of globe-encircling imperial telegraphs. The more advocacy of the Pacific cable has already benefited Australia by lowering charges levied on messages fully fifty per cent, and any accountant can estimate the enormous money value of this benefit by the saving which has accrued during the past ten years. I do not doubt that the advocacy of the Imperial system will have a similar effect on the policy of the companies in still further reducing charges, but any such reduction will be incomparably less important than the advantages to result from placing the cables and telegraphs of the empire under state control. At present it is recognized that the empire is inadequately provided with the means of telegraphic communication, that commerce is unduly taxed in consequence, and that an embargo is placed on the free intercourse of the British people. The circumstances of to-day demand multiplied facilities for sending telegrams from any one part to any other part of the empire at greatly reduced charges, in order to widen the use of telegraphy to all classes of the community. With an imperial chain of cables established, incalculable advantages would follow, and Her Majesty's subjects, in whatever part of the world they may be situated, could interchange communications with the greatest possible ease and the greatest possible economy.

Some words may with propriety be added with respect to the position of Canada in the matter. It will be borne in mind that it is owing to the unparalleled expansion of the empire and the resultant circumstances that some organization is absolutely needed to secure unfettered intercourse, and that in this respect the subject concerns Canada in common with Australia and all other parts of Her Majesty's wide domain. There is abundant evidence to show that in Canada we have common interests, common sentiments, common aspirations and common sympathies with our kindred in Australia. Have we not, during the past year, sent our bravest to fight a common foe; and have not our sons fallen on the same field and been laid in a common grave? Before these lines reach Australia the world will have revolved into another year. At this date we in Canada appear to be standing in the old century gazing across the deep into the dawn of the new. We are distant spectators, yet intensely interested in the starting of the constitutional machinery of a sister nation to dominate for all time in another quarter of the globe. We recognize and welcome the approaching great historical

occasion as an epoch to denote the steady evolution of an unique Empire of many commonwealths.

It will be apparent from the preceding remarks that a complete system of State-owned telegraphs encircling the globe would in no small degree contribute to the consolidation of the great Oceanic Empire. It will further be obvious that owing to the position of Australia in the southern seas and her comparative isolation from other parts of the world, still more by reason of the highly important place she is destined to fill among the nations, that it would be fitting to signalize the birth of the new commonwealth by initiating a comprehensive system of cheap and speedy communications of permanent advantage to the whole British people.

Naturally it is felt that the initiative must be taken by Australia. I trust, therefore, that Your Excellency's government will see the way clear to take such action as may be expedient.

SANDFORD FLEMING.

Letter to the Right Honourable Joseph Chamberlain on the subject of a State-owned System of Electric Cables for the Empire. By Sir Sandford Fleming.

OTTAWA, October 28, 1898.

The Right Honourable
JOSEPH CHAMBERLAIN,
Secretary of State for the Colonies.

I had the honour, on the 28th December of last year, to address Sir Wilfrid Laurier respecting the proposal to establish a state-owned Pacific cable. Circumstances have since arisen which impel me to ask permission to address you on the subject of a state-owned system of cables for the British Empire.

In the remarks which follow, the subject will be discussed on its merits. I venture to think that the arguments advanced will make it clear that such a service is extremely desirable and is fast becoming a necessity. The telegraph is an essential ally of commerce and is indispensable to the full and satisfactory development of trade and shipping. The trans-Pacific steamship lines which have been established are heavily handicapped by the absence of any direct means of telegraphy between the ports with which trade is carried on. The Pacific cable would serve the purposes of trade between Australasia and Canada, but these countries are debarred from establishing independent telegraphic connection with Hong Kong, the terminal port of one of the steamship lines. Under an agreement, dated 28th October, 1893, the Eastern Extension Telegraph Company strengthened its monopoly by having Canada and the Australasian colonies telegraphically excluded from Hong Kong and forbidden to lay, or assist in laying, any new cable to that port for a period which does not expire until twenty years from the present date.

There remains only one way of gaining telegraphic connection with Hong Kong freed from exacting charges, and that is through the Home government. In granting to the Eastern Extension Company exclusive privileges, Lord Ripon, then Colonial Secretary, reserved to Her Majesty's government the option to take possession of the cable between Singapore, Labaun and Hong Kong, by giving twelve months' notice and paying the company £300,000.

My letter of December last to Sir Wilfrid Laurier (copy inclosed) sets forth the position and the attitude, to Canada and the Australasian colonies, of the Eastern Extension Telegraph Company. The proposal now submitted would undoubtedly interfere with the rich monopoly which that company enjoys, and to some extent, and for some time diminish its profits; but I venture to hold that no private company, however rich and influential, should be allowed to stand in the way when great Imperial interests are at stake. It must be borne in mind, too, that telegraphy is one of the most astonishing results of science, and that the facilities which it offers, if not shackled by hindrances, may be rendered of greater and greater value to the human race.

SESSIONAL PAPER No. 59a

The advantages of cable connections and low charges increase with distance in an accelerated ratio. It is impossible, therefore, to set a limit to the commercial, social and political benefits which would result to the empire from a state-controlled cable service reaching every British possession. In the following remarks I point out that the Pacific cable, established as now proposed, will prove to be the key to such a service, and practically its forerunner.

BRITISH EMPIRE CABLE SERVICE.

The action recently taken in London in adopting the principle of cheap imperial postage suggests that the time has arrived when the expediency of establishing a complete telegraph cable system throughout the empire may be considered on its merits. The advantages which will inevitably follow the adoption of universal penny postage appear to be generally recognized, and I venture to think the public mind will be prepared to entertain favourably another proposal not less important. It is not necessary in the least to undervalue cheap postage or detract from its immense importance in order to show that a cheap telegraph service on a comprehensive scale is easily attainable, and that it would prove an effective means of speedy communication for an empire such as ours.

The transmission of letters has always been a function of the government; indeed, it has been wisely held throughout the civilized world that the postal service should be controlled by the state. The electric telegraph is a comparatively modern introduction. In the mother country private companies were the first to establish lines of telegraph, but in 1868 it was found to be in the public interest to have them taken over by the State and placed under the Post Office Department.

A committee of inquiry had reported to Parliament: 'That the telegraph service as managed by companies, (1) maintained excessive charges, (2) occasioned frequent and vexatious delays in the transmission of messages, and inaccuracies in sending them, (3) left a large number of important towns and districts wholly unprovided for, and (4) placed special difficulties in the way of that newspaper press which had in the interest of the public a claim, so just and so obvious, to special facilities.' The transfer was effected in 1870. Changes and improvements were immediately made; the telegraph service, previously confined to lines connecting great cities where business was lucrative, was extended to many towns and districts previously neglected, and, notwithstanding the fact that the charges on messages were greatly reduced, the business developed to such an extent that the receipts progressively increased. Before the transfer it cost about six shillings to send an ordinary message from London to Scotland or Ireland. The rate was reduced to a shilling, and subsequently to six pence (the rate at present charged), and for that sum a telegram can be sent from any one station to any other station within the limits of the United Kingdom, without regard to distance.

It was early discovered by every country in Europe that so efficient a servant to trade and commerce, so important an aid to the state itself, should become a national institution. France, Austria, Prussia, Russia, Sardinia, Italy, Spain, Portugal and Belgium each established a State telegraph system, and, as in Great Britain, experience has shown that they have done this, not only with advantage to the various administrative necessities, but with benefit to the public at large.

Such being the unanimous conclusion, is not the application of the principle of State ownership on a larger scale than hitherto attempted a fit subject for inquiry? Is it not desirable and expedient that the whole British Empire should have a state-controlled cable system?

The conditions of the empire are totally different to what they were some years back. When Her Majesty ascended the throne there was not a single mile of electric telegraph anywhere. There was not an iron ship of any class afloat, and mail steamships were practically unknown. From that period the conditions have been continually changing and the process of growth and development still goes on. True, change has met with resistance from individuals and companies and classes, but resist it who

may, the law of development follows its steady course and continually makes demands on science and skill to meet the ever-changing conditions. We are living in an age of transformation ; the spirit of discovery and enterprise, of invention and achievement, has extended and expanded the British Empire from the small islands on the coast of Europe to new territories, continental in extent, in both hemispheres. The development of the mercantile marine has carried the flag of our country over every mile of sea to meridians far distant from the mother land. In these distant territories, communities have established themselves under the protection of that flag. They have drawn riches from the forest, the soil and the mine. They have caused noble cities to spring up, rivalling in the splendour of their streets and buildings the finest cities of the old world. These young nations, full of hope and vigour, have made progrees in every direction ; they are imbued with lofty aspirations, and their most ardent desire is to give their enegry and strength to the building up of a greater British Empire, on the firm foundation of common interest and common sentiment.

At an earlier period of the world's history it would have been difficult to conceive the possibility of any lasting political union between countries so widely separated by intervening seas. The problem is, however, being solved, not by old methods, but by the application of wise principles of government, aided in a wonderful way by the highest resources of modern science. Steam has made the separating oceans no longer barriers, but the general medium of union. Electricity has furnished the means by which the British people in all parts of the globe may exchange thought as freely as those within speaking distance. These twin agencies of civilization are pregnant with stupendous possibilities. Already the one, as the prime factor in sea-carriage, has rendered universal penny postage possible. The other has made it equally possible to bring the British people, so widely sundered geographically, within the same neighbourhood telegraphically.

Imperial penny postage will have far-reaching consequences ; it is undoubtedly a great onward movement in the career of civilization, and in the development of wider national sympathy and sentiment. But great as are the benefits to follow the adoption of universal cheap postage, the first result, and not the least, will be to make plain that a postal service, however cheap and comprehensive, is in itself insufficient for the increasing daily needs of the now widely-distributed British people. It will be seen that in addition to an ocean penny postal service, the circumstances of our world-wide empire demand a cheap ocean cable service, extending to every possession of Her Majesty.

The carriage of letters at any known speed consumes time, and the length of time consumed depends on the distance traversed. The telegraph, on the other hand, practically annihilates space, and in this one respect has immeasurably the advantage over the ordinary postal service, especially in the case of correspondents who are separated by the greatest distances.

We can as yet but faintly appreciate the extent to which the telegraph may be employed, because its use heretofore has been restricted, on long-distance messages, by almost prohibitory charges. If messages be exchanged between places not far apart, let us say between London and Edinburgh, or Toronto and Montreal, the gain in time by the use of the telegraph is inconsiderable. But if the points of connection be far separated, such as London and Melbourne, or Ottawa and Cape Town, the comparison between a postal and a telegraph service brings out the distinct value of the latter. In either of the cases last mentioned, while it would require the lapse of eight or ten weeks to obtain an answer to a letter by post, if the telegraph be employed, a reply may be returned the next day, or even the same day.

Existing long-distance cables are little used by the general public ; it may be said, not at all except in emergencies. They are used in connection with commerce, the growing needs of which demand more and more the employment of the telegraph, but owing to the high charges exacted its use is limited to business which would suffer by delay. These cables are in the hands of private companies striving chiefly to earn large dividends, and who adopt the policy of charging high rates, in consequence of which trade and commerce is unduly taxed, and its free development retarded. Were the

cables owned by the state, large profits would not be the main object, and precisely as in the case of the land lines of the United Kingdom, it would be possible to reduce charges so as to remove restrictions on trade, and bring the telegraph service within reach of many now debarred from using it.

When the government assumed control of the inland telegraphs of the United Kingdom it was found possible greatly to reduce charges. In 1869, the year before the transfer, less than seven million messages were carried. At the transfer the rate was reduced to one shilling per message; the traffic immediately increased nearly 50 per cent, and continued increasing until, in the tenth year, twenty-nine million messages were transmitted, with a surplus of revenue over expenditure of £354,060. In another decade the total annual business equalled ninety-four millions, the operations still resulting in a surplus of £251,806 although the charge for a message had been meanwhile reduced from one shilling to sixpence. It is indisputable that high charges restrict the utility of sea cables as well as of land lines, while low charges have the opposite effect. A few years ago the tariff of charges between Australia and London was nine shillings and fourpence per word. The proposal to establish the Pacific cable and the discussion which followed, led to the cheapening of the rate to four shillings and ninepence per word. In 1890, the year before the rates were lowered, the gross business consisted of 827,278 words. Last year (1897) it had increased to 2,349,901 words. In 1890, with high charges, the revenue was £331,468. In 1897, with reduced charges, the revenue was £567,852, or £236,384 in excess of 1890, when the highest rates were exacted.

The utility of the telegraph may be measured by the time gained over the post, and the success of the telegraph service of the United Kingdom must be accepted as convincing evidence of its utility and value, for the gain in time is, in this case, measured by hours only. Its striking success in this instance may be largely owing to State control, but whatever the cause, it is obvious that if, under similar conditions, weeks were gained instead of hours, the utility of the telegraph would be proportionately increased and its value as a means of communication correspondingly enhanced. There is another immense advantage, not generally known to the public, which can be claimed for telegraphy: It is the fact, that within certain limitations the actual cost of transmission is but little affected by distance. While the cost of carrying letters is in proportion to the distance traversed, the same rule does not apply to the electric wire. With a properly equipped telegraph system, the actual expenditure incurred in transmitting a message thousands of miles is practically no greater than in sending it ten miles. Obviously, therefore, the principle of 'penny postage,' that is to say, a low uniform charge for all distances, is applicable even more fully to ocean telegraphy than to the imperial postal service. With these considerations before us, a moment's reflection leads to the conviction that this wonderful agency—the electric wire—places within our reach, if we have the wisdom to accept it, an ideal means of communication for the world-wide British Empire.

Thirty years ago the British Parliament for reasons, the soundness of which experience has fully confirmed, determined that the state should assume control of the inland telegraph system of the United Kingdom. To-day there are incomparably stronger reasons for state control being exercised over a cable system for the whole empire.

The proposal is not altogether new. If the proceedings of the Colonial Conference of 1887 be referred to, it will be found that an imperial telegraph service was foreshadowed in the discussions. To these I would refer, and especially pages 225 to 228, 339 to 341, and 513 to 520. In these discussions the delegates from the Cape of Good Hope, Natal, Australia, New Zealand, Newfoundland and Canada took part. Again, at the Colonial Conference of 1894 the proposal was set forth in some detail, and the advantages of an all-British system of telegraphy around the globe pointed out. On that point I beg leave to direct attention to the proceedings of the Ottawa Conference, and more particularly to pages 88 to 90, inclusive. Likewise to the proceedings of the second Congress of the Chambers of Commerce of the Empire, and more especially to a letter from the Ottawa delegate (July 1, 1892) to the President, Sir John Lubbock.

The proposal to complete the telegraphic circuit of the globe has no doubt suggested itself to many persons. Among those who have written on the subject may be mentioned, Sir Julius Vogel, at one time Postmaster General of New Zealand; the late Mr. F. N. Gisborne, Superintendent of Telegraphs for the Canadian Government; Sir George Baden-Powell, M.P., London; Mr. J. C. Lockley, of Nhill, Australia; and the veteran postal reformer, Mr. Henniker Heaton. At the Cape, Mr. Jan Hendrick Hofmeyer has given the matter his strongest support.

PROJECTED CABLE SYSTEM.

It may be laid down as an essential condition of an imperial cable service, that none of the lines should touch foreign soil, and that they should be placed so as to avoid shallow seas, more especially those seas in proximity to any country likely at any time to prove unfriendly. In describing generally the route which would best comply with these conditions, I shall commence at Vancouver, for the reason that up to this point telegraphic connection with the imperial centre in London is already assured, without being dependent on any foreign power. First, we have direct telegraphic connection across the Atlantic by a number of cables, and it is a mere question of cost to lay additional trans-Atlantic cables to be state-controlled, whenever they are wanted. Secondly, we have a transcontinental telegraph from the Atlantic coast to Vancouver, extending along the line of the Canadian Pacific Railway, and all practical telegraphers will recognize the great advantage of this position. By having the wires hung within sight of passing trains, the telegraph can be frequently inspected with the greatest possible ease, and faults, when they occur, can speedily be repaired.

Commencing at Vancouver the cable would cross the Pacific to New Zealand and Australia, from Australia the main line would cross the Indian ocean to South Africa, from South Africa it would traverse the Atlantic to Canada, where it would connect with the trans-Atlantic lines. Such a system of cables would complete the telegraphic circuit of the globe, and would constitute a base for connecting every one of Her Majesty's possessions and naval coaling stations (Gibraltar and Malta excepted) by the most perfect means of conveying intelligence at our disposal. Moreover, the connection would be formed by a system of all-British deep-sea cables in the position where they would be least vulnerable. This imperial cable system may be considered in three divisions.

(1.) Cables in the Pacific Ocean.

The cable from Vancouver would first find a mid-ocean station at Fanning island, second at Fiji islands, third at Norfolk island; at Norfolk island it would bifurcate, one branch extending to New Zealand, the other to the eastern coast of Australia.

There are many islands in the Pacific, some under British, others under foreign flags; in course of time these islands could be served by branches as circumstances may require. The land lines of Australia would complete telegraph connection with the western coast, or it may be deemed expedient to substitute a cable for the land lines over that portion of the interior between Adelaide and King George's sound.

(2.) Cables in the Indian Ocean.

From King George's sound, or other point in Western Australia, the cable would extend to Cocos island, thence to Mauritius, and thence to Natal or Cape Town, as may be found expedient. Cocos would become an important telegraphic centre; it would be a convenient point for connecting Singapore by a branch cable. Singapore is already in connection with Hong Kong by an all-British cable via Labuan, and Her Majesty's government can take possession by giving 12 months' notice. India could be reached by a branch from Cocos to Colombo or Trincomalee in Ceylon. At Mauritius a connection would be formed with the existing cable to Seychelles, Aden and Bombay.

(3.) Cables in the Atlantic Ocean.

In order to avoid the shallow seas along the west coast of Africa, Spain, Portugal and France, it is proposed that the cable should extend from Cape Town to Bermuda, touching at St. Helena, Ascension and Barbados as mid-ocean stations. At Bermuda a connection would be formed with the existing cable to Halifax, and at that point with the Canadian and trans-Atlantic lines, or a cable could be laid from Bermuda direct to England.

Much prominence has been given to a proposal to connect England with the Cape by a line of cable touching at Gibraltar, Sierra Leone or Bathurst, Ascension and St. Helena. I pointed out in my letter of last December to Sir Wilfrid Laurier, that there are grave objections to the northern half of that route, as 'the cable, of necessity, would be laid for some distance in shallow seas where it would be exposed to injury from various causes, and where, too, the agent of an unfriendly nation or, indeed, an evil-disposed fisherman, would have it in his power to destroy the cable with ease, totally unobserved. For hundreds of miles it would be exposed to such risks.'

The route now proposed from Ascension to Great Britain is certainly less direct, but the cable would be much less in jeopardy, and to this may be added, the advantage which would result in bringing the West Indian possessions within the Imperial telegraphic circle.

In order that some estimate may be formed of the cost of such an undertaking, I submit the following approximate distances which each group of cables would require to cover :—

(1.) In the Pacific ocean, from Vancouver to Australia and New Zealand		7,150 knots.
(2.) In the Indian ocean, from Western Australia to South Africa—		
Main line	6,500	
Branch to Singapore	1,100	
" Colombo	1,500	
		9,100 knots.
(3.) In the Atlantic ocean, from South Africa to Bermuda	6,600	"
		22,850 "

The total distance for which new cables would be required (of which 20,250 knots would be in the main line, and 2,600 knots in branches) may be roughly placed at 23,000 knots, and the cost (including the branch to Hong Kong) between £5,000,000 and £6,000,000 sterling.

I have long advocated the first division of the proposal, the establishment of a cable from Canada to Australasia as a state work. I have felt that it would be the forerunner of an all-British telegraph system embracing the whole empire. As a state undertaking I am satisfied that the Pacific cable would be a complete commercial success, and that so soon as it so proved, the cable extension to South Africa and India would follow.

One advantage peculiar to a globe-encircling system of cables will be apparent, each point touched would be in connection with every other point by two routes extending in opposite directions. This feature is of special value, as it practically constitutes a double connection in each case. The projected system of all-British cables with its branches would thus doubly connect the following fortified and garrisoned coaling stations, namely :—Hong Kong, Singapore, Trincomalee, Colombo, Aden, Cape Town, Simons Bay, St. Helena, Ascension, St. Lucia, Jamaica, Bermuda, Halifax, Esquimalt, King George's Sound and Thursday island. The following 'defended ports' would likewise be connected, viz. :—Durban, Karachi, Bombay, Madras, Calcutta, Rangoon, Adelaide, Melbourne, Hobart, Sydney, Newcastle, Brisbane, Townsville, Auckland, Wellington, Lyttletown and Dunedin.

Would it not be in the interest of a great commercial people to have these and all such points in the outer empire connected by a means of communication so perfect as

the electric telegraph?—Is it not a matter which vitally concerns every British community around the globe? Is it not in their common interest that they all should be placed in possession of the speediest means of conveying intelligence the one to the other, free from the burden of high charges?

That a state owned Pacific cable is the key to the situation, I am firmly convinced. Exhaustive examinations have proved its entire practicability. Its financial aspect has been minutely investigated by business men of the highest rank. The Canadian government appointed Lord Strathcona and the Honourable A. G. Jones for the purpose, than whom there are no men with stronger business insight. Their report is in the possession of the government, and it takes the most favourable view of the project. As a State undertaking it would be self-supporting from the first year of its establishment, and would admit of charges being lowered year by year. That the final outcome of the laying of this cable would be an imperial telegraph service there can be little doubt. I am satisfied that the Pacific cable would prove to be the entering wedge to remove for ever all monopoly in ocean telegraphy, and free the public from excessive charges; that it would be the initial link in a chain of state cables encircling the globe, with branches ramifying wherever the British Empire extends, and that it would be the means of bringing into momentary electric touch every possession of Her Majesty.

In 1837, Rowland Hill, in advocating uniform penny postage for the United Kingdom, pointed out how desirable it would be to have the same low rates as on inland letters charged on letters passing to and from the colonies. This remarkable man concluded with the memorable words: "There is perhaps scarcely any measure which would tend so effectually to remove the obstacles to emigration, and maintain that sympathy between the colonies and the mother country which is the only sure bond of connection, as the proposed reduction on the postage of colonial letters."

Had Sir Rowland Hill known of the means of instantaneous communication which, since his day, has been placed at our command, he assuredly would have viewed it as the most civilizing agency of the century. He would have seen that while promoting the activities of trade and commerce and improving the well-being of the human race, nothing would more tend to deepen the sympathies of our people and make firm the foundations of the Empire, than the adding to a universal penny postage, the incalculable advantage of a State-controlled ocean telegraph system encircling the globe.

Holding the views which I have ventured to submit, I feel that in the public interest I should greatly err if I failed to seek an opportunity of giving expression to them.

SANDFORD FLEMING.

No. 2.

A STATE-OWNED TELEGRAPH SERVICE GIRDLING THE GLOBE.

Letter to the Hon. Wm. Mulock, Postmaster General of Canada, Jan. 1, 1901.

OTTAWA, January 1, 1901.

To the Honourable WILLIAM MULOCK,
Postmaster General.

On the opening of the new year, I beg leave to submit the following remarks on a subject connected with your department. I believe the views expressed will meet with your sympathy and the sympathy of the government, as the subject is of great interest not only to the people of Canada, but to all other British people.

The change of the century is a peculiarly striking epoch to Her Majesty's subjects throughout the world when regarded as coincident with a turning-point in the history of the empire. To-day, another British nation enters on its constitutional career, to

dominate in another quarter of the globe, and it seems to me that this is an opportune moment to consider a subject which effects Canada in common with Australia.

A few weeks ago, the Home government, with the governments of Canada, New South Wales, Victoria, Queensland and New Zealand, completed a long delayed arrangement, by jointly contracting for the establishment of the Pacific cable. This act of co-operation involved the adoption of an entirely new principle in connection with ocean cables, that is to say joint state-ownership. This principle was first mooted in a report on the progress of the Canadian Pacific Railway laid before Parliament in 1880. It was proposed by the Canadian delegates at the Colonial Conference of 1887, again at the Conference of 1894, and ever since these conferences, in season and out of season, it has been strenuously advocated. It was recommended by the Imperial Cable Committee in their report of 1897. At length, the principle has been adopted, and its adoption is in my judgment of far reaching importance. If closely followed up, I am satisfied that the Pacific cable, established as now determined, will prove to be the harbinger of a complete system of state-owned telegraphs, by land and sea, ramifying throughout the whole British Empire

At one time, the empire was limited to the British islands in Europe, known as the United Kingdom, but from various causes the flag now flies over vast territories in the four quarters of the globe. As a matter of exact knowledge, the United Kingdom occupies but a trifle more than one per cent of the whole superficial area under Her Majesty's rule.

An entirely new empire, consisting of many nations, is steadily being evolved, and we cannot fail to recognize the vital importance of providing the best possible means of bringing each member of the British family of nations into the closest possible contact with all other members. But as wide seas and oceans intervene, the desired end can only be accomplished by means of the electric wire.

Electric cables have, to some extent, been already employed for a number of years, and they have served a provisional purpose, but they are now wholly inadequate. In the progress of events, since these cables were first established a quarter of a century ago, in some instances, circumstances have altered, new conditions have arisen, and new needs have been developed, demanding modification and change. The existing lines of telegraph, between distant portions of the empire, pass in part through foreign countries or traverse shallow seas in proximity thereto, where, at a critical moment, they are liable to speedy interruption. Moreover, these lines have been established by private companies who exact oppressive rates. Not a few Canadians are by painful experience during the past year familiar with the extortionate charges on messages between the Dominion and South Africa. The companies, too, not content with having long received heavy government subsidies and having been rewarded for their enterprise by enormous profits have, by force of a combination, created a powerful monopoly detrimental to the public interests. Complaints are frequent and well founded. In the *Times* of November 14, 1900, there are letters from Sir Edward Sassoon, M.P., and Lord George Hamilton, Secretary for India, on the telegraph rates between India and Europe, which corroborate the facts here stated. In one of these letters the effect of the combination is referred to as 'medieval thraldom.' The allied companies have taken every means to strengthen their monopoly, and since the Colonial Conference of 1887, have left nothing undone to defeat the project of a Pacific cable. The friends of the Pacific cable have, however, never relaxed their efforts on its behalf, and one reason above all others why they have persisted against adverse influences and patiently struggled to overcome every obstacle, is the vitally important fact, that the Canadian route between England and Australia is absolutely the only route by which the globe may be girdled by an all-British chain of telegraphs.

It is well known that it has fallen to my lot for many years to take an active interest in a Pan-Britannic System of Telegraph cables. Last month, I addressed the Governor General of the new Commonwealth of Australia on the subject, and specially directed His Excellency's attention to a striking peculiarity of the electric telegraph, which it will be impossible to turn to public advantage while the cables and telegraphs

of the empire are controlled by a combination of private companies. The cost of sending a message by telegraph is not, as is generally supposed, governed by distance. It is true that the companies charge according to distances, but this is simply an expedient for obtaining from the telegraphing public larger profits. As a matter of fact, there is practically no more current outlay incurred in transmitting long than in transmitting short distance messages. It may be contrary to practice, it may not agree with preconceived ideas, but it is a fact nevertheless, that there is no known means by which communications may be sent at less actual cost than by telegraph. A mail or a letter cannot be conveyed by railway or ocean steamer without the consumption of coal and expenditure on machinery, on oil, in wages and other things to keep the train or ship in motion. The expenditure is constant for every hour, and continuous for every mile. The circumstances are entirely different in the case of the telegraph; when once established, equipped with instruments and manned by operators, messages may be transmitted one hundred or one thousand miles, with as much ease and at no greater actual cost than one mile.

This remarkable anomaly, added to the equally remarkable, although better known fact, that transmissions by the electric wire are instantaneous, points to a system of state-owned cables and telegraphs as the ideal means of communication for an Empire under such conditions as ours. If it be the case, and it is indisputable, that long distance messages can be sent at no more actual outlay than short distance messages, we have happily a means at our command, which, if we have the wisdom and forethought to apply it, will greatly tend to unify and consolidate the widely scattered portions of the Empire.

In the determination to establish a trans-Pacific Cable from Canada to Australia, the first essential step is now taken. It should be followed by state-cables from Australia across the Indian ocean to India and to Africa, thence through the Atlantic, to the West Indies and to England, as set forth in my letter to Mr. Chamberlain of October 28, 1898, and in other documents made public. With our whole telegraph system nationalized as suggested, I do not hesitate to say that messages will be transmitted to and from the most distant British possessions at one-eighth or one-tenth the rates now levied by the companies.

A single word in conclusion. Of late, we have witnessed great events occurring in rapid succession, and the evolution of the Empire making steady progress. To day, we stand at the opening of a new chapter in our history. If it has been decreed by a wise Providence that there shall be a galaxy of nations under one sovereign, so aptly indicated by the Prime Minister, Sir Wilfrid Laurier, we have indeed a high purpose before us, and we must be true to our duty and our destiny. The subjects of the Queen must see to it that the rivets of a gigantic monopoly are loosened. There must be no isolation or partial isolation of any of our sister states. British subjects in Canada, in Australia, in New Zealand, in India, in Africa, as well as in the mother country must unite in securing complete emancipation from the grasp of the great 'cable combine.' Thirty years ago it became expedient for parliament to expropriate the then existing lines and nationalize the telegraph service of the United Kingdom. Experience has proved the wisdom of that policy and furnished irrefragable reasons for its general application.

At the threshold of the twentieth century, high imperial interests demand the cheapest possible telegraph transmission, and the greatest possible freedom of intercourse between all the subjects of Her Majesty wherever they may be domiciled around the globe. I respectfully submit therefore, that action cannot be taken a day too soon to nationalize our telegraph system by land and sea throughout the whole empire.

SANDFORD FLEMING.

SESSIONAL PAPER No. 59a

No. 3.

PROPOSAL TO NATIONALIZE THE TELEGRAPH SERVICE OF THE EMPIRE.

Resolution unanimously passed at the Annual Meeting of British Empire League in Canada, February 13, 1901, with remarks in support of the motion submitted by Sir Sandford Fleming.

Those who were present at the last annual meeting will remember that an animated discussion took place and the opinion was affirmed with the greatest unanimity, that a complete system of state-owned ocean cables, touching the British possessions throughout the globe is a project of the first importance. The following motion was formally submitted and unanimously adopted :

1. That the Home and Colonial Governments should, as a matter of policy, recognize the principle of state control of all British cables, and apply the principle as opportunity offers, and as speedily as circumstances will admit.

2. That the Pacific cable should be at once completed as the initial undertaking in such an imperial system of cables as that indicated.

3. That in all arrangements for connecting by telegraph the possessions of Her Majesty in any part of the globe, provision be made for ultimate state ownership.

4. That in permitting a private company to lay a cable to or from any British possession, landing privileges be granted only on the condition that Her Majesty may at any time assume possession of the cable on specified terms.

These resolutions were sent to the league in England, and means were taken to bring them to the attention of the several governments concerned. It will be remembered that several of the Canadian ministers were present at the annual meeting and took part in the discussions.

It is satisfactory to know that the action then taken by the League has had its influence and that a turning point in the history of the great project was soon afterwards reached. Before last year closed, a contract was entered into for the construction of the Pacific cable, by the Home Government in conjunction with the Governments of New South Wales, Victoria, Queensland, New Zealand and Canada. Thus after prolonged and vexations delays caused by a combination of hostile companies, the first essential step to nationalize the telegraph service of the empire has been taken. We may regard this outcome of the long struggle to secure the establishment of the Pacific cable, as an illustration of the fact that public opinion responds slowly and yet surely to a movement in favour of reform, if the reform be founded on public needs.

It is now coming to be recognized that it is of vital importance to bring the British people on all parts of the surface of the globe within telegraph touch, and to provide them with the means of intercourse freed from such oppressive charges as have hitherto been imposed.

In my open letters which have been published in England, Canada, Australia, addressed to the Right Hon. Joseph Chamberlain, the Hon. William Mulock and the Right Hon. Lord Hopetoun, it is pointed out, that by nationalizing our telegraph service by land and sea the charges on messages to and from the most distant parts of the Empire can be reduced to one-eighth or one-tenth the rates at present exacted. This statement had been criticised, and I feel called upon to submit some explanations respecting it.

In the letters referred to I have laid great stress on a remarkable peculiarity of the telegraph, viz., that distance does not appreciably add to the cost of operating, and that there is practically no greater outlay incurred in transmitting long than in transmitting short distance messages. While postal matter cannot be conveyed by railway or ocean steamer without the consumption of fuel and other expenditure to keep the train or steamer in motion, there is no similar expenditure in sending telegraphic messages ; in the one case the expenditure is constant for every hour and continuous for

every mile, but in the other it is entirely different. With a telegraph properly established, equipped with instruments and manned by operators, messages may be transmitted 100 or 1,000 miles with as much ease and at no greater cost than one mile. There is in fact no known means, indeed I may add no conceivable means, by which communications may be sent any distance however great at less actual cost than by electric telegraph.

The only exception taken to this view may be presented in the words of a correspondent: 'As it is acknowledged that a cable is only good for so many years, ample provision must be made, averaged over the whole line for the cost of renewal at stated periods. Then again breaks in cables frequently occur, and from these two causes the cost of maintenance would of course be more over 1,000 miles than over ten miles.'

My answer is, we are safe in assuming that a cable will not always remain in a serviceable condition without repairs and renewals; its life is not so limited, however, as at one time supposed. In fact the actual life of a cable is unknown. Modern cables seldom break. Once properly manufactured and properly laid the cables of to-day are not to be compared in this respect with the first laid cables. The breaking of a cable is coming to be regarded as a preventable evil, and it is believed that many of the cables now being submerged, in deep water at least, will last for an indefinite period. Still it is no doubt wise and prudent to provide for the perpetual maintenance of cables, and this I understand is being done in the case of the Pacific cable.

The criticism raises a side issue. It will be borne in mind that my comparison was between the cost of operating a postal service and the cost of operating a telegraph service. I hold to the absolute accuracy of my statement, and I would now merely add that if there be no entire immunity from breaks in the case of cables, neither is there from wrecks in the case of mail steamers. There is this difference, however, a cable may be repaired at no great cost, while in the case of a steamer all may be lost. A railway is not quite the same as a steamer, it cannot suddenly become a total wreck, but the rails, sleepers, bridges, culverts, &c., require continually to be repaired or renewed, and to keep a railway in an efficient condition an army of workmen is needed. This, however, is quite apart from the cost of operating which consists of many expenses embracing fuel, repairs of rolling stock, &c. I am quite confident that the more the question is looked into, the accuracy of my statement will be brought out in stronger and stronger light. My contention, that while the operating cost of a postal service by sea or land increases with every mile, the cost of transmitting messages by telegraph is not appreciably affected by distance. If this view be correct, and I contend it is uncontrovertable, does it not follow that the principle of universal postage, that is to say, a low uniform rate for all distances, is peculiarly applicable to a national telegraph service, reaching out to every part of our widely spread empire?

I have learned at the telegraph office in this city that in the transmission of messages from Ottawa to India, South Africa, Victoria, New South Wales, Queensland, New Zealand and Hong Kong, the charges for transmission range from $1.23 (five shillings) to $1.60 (six shillings) per word. Each word in address and signature being charged at the same rate. Such being the case it is indisputable that a reduction in these charges to 12½ cents (sixpence) a word or even to twenty-five cents (one shilling) a word would greatly stimulate commerce and in many ways prove an immense advantage to the British people. One effect would be to increase enormously the number of messages transmitted, so that instead of the cables remaining idle for certain periods of the day the operators would be kept well occupied. Of course the rule would be for all ordinary messages to be transmitted in their proper turn, and as a consequence many such messages would frequently be thrown into a slack period of the twenty-four hours, thus causing delay in the transmission, which in the case of urgent messages would be inconvenient.

One of the first matters to be considered will be how best to deal with urgent messages, for occasions will always arise when demands will be made for instant transmissions. To my mind this difficulty may best be met by following the precedent adopted in the postal service of Canada with respect to the speedy delivery of letters. Two years ago the Postmaster General introduced an admirable system for the special

delivery of letters. The ordinary letter postage is two cents, but the addition of a special delivery stamp costing ten cents, making a total pre-payment of twelve cents, secures the prompt delivery of a letter directly on the arrival of a mail train in any of the several cities of the Dominion. These special delivery stamps are constantly used and the plan is felt to be a great public benefit. By the payment of six times the ordinary postage a letter obtains a preference in delivery. If we apply the same principle to the state telegraph service let us assume that the uniform charge for ordinary messages be 12½ cents (sixpence) per word and that the same ratio of increase as in Canada be charged for urgent messages. Such messages would obtain a preference in transmission on payment of 75 cents (three shillings) per word a rate considerably within the present average charge for ordinary messages. It will be understood that these remarks are submitted merely to illustrate the manner in which the principle so acceptably introduced in the Canadian postal service, might be applied to the Pan-Britannic telegraph service.

The charge for urgent messages would have to be determined after a full consideration of all the circumstances ; it might indeed under some circumstances be ten times the rate for ordinary messages, but whatever the charge it will be obvious that among the many advantages to result from the adoption of the principle, there would be a very large augmentation of the general revenue.

In submitting these several explanations I am satisfied that every one of my fellow members of the league will extend to them due consideration. We all feel that the interests of British commerce no less than the cause of Imperial unity are vitally concerned in securing the greatest possible freedom of intercourse between the widely separated subjects of His Majesty. To reach the end in view we place before us a right ideal and strive with unrelaxed efforts for its fulfilment. Our design is to bring all British people throughout the globe telegraphically into one neighbourhood, in order that they may constantly maintain that sympathetic relationship so necessary to their highest interests. Our wish is to make the means of intercommunication as perfect and as free as possible. We aim to put an end to all monopolistic tax on commercial and social intercourse, to remove all unnecessary toll on that marvellous gift of science, telegraphy. To accomplish these ends we must resolutely resolve to press upon the representatives of the people of Canada in Australasia and in the mother country the urgent need to nationalize the nervous system of this great empire.

Moved by Sir Mackenzie Bowell, K.C.M.G.,

Seconded by T. B. Flint, M.P.,

This meeting of the British Empire League in Canada reaffirms the resolutions unanimously passed at the last annual meeting respecting state-owned cables, and is strongly of opinion that as a further step towards consolidating the empire, means should be taken without delay to nationalize all cables between British possessions and all land lines necessary to complete a Pan-Britannic telegraphic service.

Resolved further that it be an instruction to the executive committee in the name of the league to memoralize parliament on the subject of the resolution, and take such other means as may be expedient to bring the proposal to a successful issue.

Resolution adopted unanimously.

OTTAWA, February 13, 1901.

HON. DAVID MILLS,
Minister of Justice,
Ottawa.

Inclosed please find copy of an agreement dated the 16th January, 1901, between the government of New South Wales and the Eastern Extension Telegraph Company, and I would ask whether this agreement in any, and if so, in what respect would control the routing of messages from Australia to Europe when the contemplated Pacific cable is constructed. You will observe in the recital that the telegraphic traffic between the colonies of Victoria, New Zealand, Queensland and New Caledonia and Europe, and countries beyond Europe is called 'the Australasian traffic.'

Section sixteen declares that 'the Australasian traffic' shall be transmitted via the new cable or via Port Darwin, and the question is whether any of the contracting colonies of Australasia would be bound to transmit 'the Australasian traffic' by the new cable or via Port Darwin, or whether they will be perfectly free to transmit Australasian traffic by the Pacific cable when constructed.

The subject is one of vital importance to the Pacific cable interest. The Australasian colonies own the telegraphic land lines and, therefore, in the absence of any agreement to the contrary they are in a position to send unrouted messages by any available cable line, but if the agreement in question should be construed as binding them to send all Australasian traffic by the new cable or via Port Darwin there would be no traffic from these colonies for the Pacific cable.

You will therefore observe the importance of this question to the governments who are joining in the Pacific cable scheme. Please return inclosures.

WILLIAM MULOCK.

OTTAWA, February 13, 1901.

Hon. WM. MULOCK,
Postmaster General.

Referring to your letter of this date, in which you state as follows :—

'Inclosed please find copy of an agreement dated January 16, 1901, between the government of New South Wales and the Eastern Extension Telegraph Company, and I would ask whether this agreement in any, and, if so, in what respect, would control the routing of messages from Australia to Europe when the contemplated Pacific cable is constructed. You will observe in the recital that the telegraphic traffic between the contracting colonies of New Zealand, Victoria, Queensland and New Caledonia and Europe, and countries beyond Europe is called "the Australasian traffic."

'Section sixteen declares that "the Australasian traffic" shall be transmitted via the "new cable" or via Port Darwin, and the question is whether any of the contracting colonies of Australasia would be bound to transmit "the Australasian traffic" by the new cable or via Port Darwin, or whether they will be perfectly free to transmit Australasian traffic by the Pacific cable when constructed.

'The subject is one of vital importance to the Pacific cable interest. The Australasian colonies own the telegraphic land lines, and therefore, in the absence of any agreement to the contrary, they are in a position to send unrouted messages by any available cable line, but if the agreement in question should be construed as binding them to send all Australasian traffic by the new cable or via Port Darwin, there would be no traffic from these colonies for the Pacific cable.

'You will therefore observe the importance of this question to the governments who are joining in the Pacific cable scheme. Please return inclosures.'

I have considered the contract between the government of New South Wales and the Eastern Extension Australasia and China Telegraph Co., in view of the facts which are stated in your letter. I observe that the second recital of the contract speaks of telegraphic traffic between the countries therein mentioned *to be transmitted in the terms of this agreement*, and such telegraphic traffic is thereafter referred to as the Australasian traffic. A reference is made by one of the recitals to the Pacific cable project. The primary object of the contract appears to be to permanently fix or provide for the establishing of the rates for transmission of this Australasian traffic. Under section 15 the Eastern Extension Company upon and after the opening of traffic of the Pacific cable is to have the right to open local offices and do its business direct with the public in the cities of Perth, Adelaide, Hobart and Sydney. The 16th section provides that the Australasian traffic shall be transmitted via the new cable or via Port Darwin as the exigencies of the traffic of the Eastern Extension Company may require. This clause is perhaps open to two constructions, the one of which would merely give the Eastern Extension Company the right of directing transmissions of such messages as

might be voluntarily offered by either the new cable or Port Darwin as the exigencies of its traffic required, while the other interpretation would involve an obligation by the contracting colonies to transmit Australasian traffic by the Extension Company, and either by the new cable or Port Darwin as required by the Company. The reference in the recital to the fact that the telegraphic traffic which is spoken of in the agreement as the Australasian traffic is to be transmitted in the terms of this agreement, and the reference to the Pacific cable project, which would be a competing cable, together with the words used and form of expression of section 16, point strongly to the conclusion that the latter interpretation was intended, and I am of the opinion that you would not be at all safe in supposing that, in view of this contract, the government of New South Wales would be free to divert any traffic between the countries mentioned in the recital from the Eastern Extension Company.

I return the papers herewith.

DAVID MILLS,
Minister of Justice.

From Mr. Chamberlain to Lord Minto.

LONDON, April 4, 1901.

Referring to your telegram of 26th February, law officers of the Crown advise that agreement between government of New South Wales and Eastern Telegraph Company is not susceptible of construction placed on it by your law officers. Law officers of the Crown point out that government of New South Wales nowhere undertake to send all its messages by Eastern Telegraph Company's route nor does agreement protect company against competition, but on the contrary it recognizes the possibility of competition.

CHAMBERLAIN.

OTTAWA, April 9, 1901.

To His Excellency the Governor General in Council.

There has been referred to the undersigned, copy of a cable despatch from the Right Honourable the Secretary of State for the Colonies to Your Excellency stating as follows:—'Referring to your telegram of 26th February, law officers of the Crown advise that agreement between government of New South Wales and Eastern Telegraph Company is not susceptible of construction placed on it by your law officers. Law officers of the Crown point out that Government of New South Wales nowhere undertakes to send all its messages by Eastern Telegraph Company's route, nor does agreement protect company against competition, but on the contrary recognizes the possibility of competition.'

The undersigned having considered this despatch, has the honour to report that he sees no reason to modify the view which he expressed upon this agreement as stated in his letter of February 13th last, to the Postmaster General.

DAVID MILLS,
Minister of Justice.